VII-VIII

THREE PHASES

OF

COÖPERATION IN THE WEST.

JOHNS HOPKINS UNIVERSITY STUDIES
IN
HISTORICAL AND POLITICAL SCIENCE
HERBERT B. ADAMS, Editor

History is past Politics and Politics present History — *Freeman*

SIXTH SERIES

VII-VIII

THREE PHASES
OF
COÖPERATION IN THE WEST

By AMOS G. WARNER

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THREE PHASES OF COÖPERATION IN THE WEST.[1]

CHAPTER I.

COÖPERATION AMONG FARMERS.

The tendency of the urban to outgrow the rural population, and the drift towards the cities of the best brain power produced on the farms, have been often noticed and deprecated. But perhaps it has not been so generally pointed out that, in quite recent times, the very nature of the farmer's means of commanding a livelihood has been essentially altered, and that his much-talked-of independence is being effectually undermined by the same division of labor and differentiation of interests that has produced at once the strife, and the interdependence of the various classes in the towns. In one aspect, perhaps, we may say that this tendency has attracted attention, and has led to the discussion of agrarian questions as related to our own country. But these discussions have to do with the influences—arising also in great measure from the increasing division of labor—that tend to crowd the small farmer out of existence. In this paper it is to the purpose to speak only of the forces that have altered the character of the farmer's industrial duties, and, driving him from a condition of actual or potential isolation, have compelled him to become a depend-

[1]NOTE.—The district within which I have undertaken to study practical coöperation includes the states and territories of Ohio, Michigan, Indiana, Illinois, Missouri, Kansas, Nebraska, Colorado, Utah and Wyoming. The marking out of this district, which for present purposes may be termed the Middle West, has been a matter of personal convenience and of agreement between myself and

ent, though essential, part of the modern industrial machine. The boiler is an essential part of the steam engine, but it could not even pump water for itself without the other parts; and in much the same way the farming population, though still at the basis of our industrial organization, must yet rely upon other classes to supply it with some of the things necessary to its continued activity. It is a long time since the farmer and the manufacturer of textile fabrics became mutually dependent, the one for his raw material and the other for the manufactured articles; but only since the war has it become the rule for the great mass of the farmer's products to leave his hands to be wrought by others into the form desired for consumption. When this tendency had gone so far that the hogs of Iowa were shipped to Chicago to be butchered, and the hams, lard and bacon shipped back again to be consumed, the farmer was certainly no longer an independent industrial unit.

The illustration just used is not a good one, because in such a case the farmer might re-assert his independence if he chose. Certainly no man who is the owner of fat porkers need starve because he has not a chance to send them to some great packing house. But in many cases the dependence is not only apparent, but real. No very considerable number of farmers have now any practicable method of supplying themselves—except through others—with clothing, shelter, fuel, adequate provisions, or the implements essential to the prosecution of their work. As soon as the dependence of a class becomes established, there are never lacking those ready to take advantage of it, and a class, in order to maintain its rights amidst the conflicts of the militant

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co-workers. The histories of the individual coöperative undertakings of this section—with the exception of those in Utah—do not differ greatly from those that will be described by the other writers. Therefore, with the object of avoiding virtual repetition, an attempt has been made by a somewhat different classification, to get special light upon certain phases of the history of coöperation in this country. The paper was finished in March, 1887. W.

industries of the time, is driven to organization. Thus it was when the agricultural class found its special interests involved in the general war of interests. It was no longer possible to insist only on preserving the old, because the older state of things was irrecoverably gone; and thus a conservative body, from whose conservatism much had been hoped, organized for aggressive warfare through the state upon the "vested rights" of those interested in railroads and other public highways. With the subject of the "granger legislation" we have here nothing to do; but the order of the Patrons of Husbandry also endeavored to reconquer independence for its members, by giving to their control, through the means of coöperation, those industries upon which they were most immediately dependent.

The story hardly needs retelling of how sadly they underestimated the difficulties in their way. The simplicity of prospective coöperation is apt to be very seductive; and the grange leaders, through the press and from the platform, talked and explained till it appeared an easy thing to annihilate the despised "middle-man," both in buying and selling, and until it seemed a thing not very difficult for all farmers to "coöperate"—as they termed it—by withholding their produce, and so to "bull" the markets of the world. There were many who looked forward to a kind of grangers' millenium, when the farmers, instead of being fleeced by the other classes and robbed of their earnings, should manage everything and be contented and happy. But when they came down from the platform or out of the sanctum, and began the work of managing even a small coöperative store, the practical difficulties were found to be many. In the first place they were handicapped by their lack of familiarity with each other and with the methods necessary to enable them to work together—a deficiency bequeathed to them by some centuries of isolated independence. There was in the second place an almost total lack of the knowledge of business principles—as was indicated from the beginning by their inability to appreciate the real

and indubitable services rendered by middlemen. Perhaps, also, one of the most mischievous characteristics of those who engaged in the early coöperative enterprises was an over-wrought idea of what coöperation could do for them; they expected too much, and quit trying when their expectations were not fulfilled. Back of this was also the thought in the mind of each individual that he could, if he chose, get along very well by the old plan of distribution, and if, at any time, it happened to seem to him the more convenient one, he abandoned the coöperative enterprise without regret.

But this position of the agricultural class, as the possessors of capital and credit, was also the source of a distinct advantage which they enjoyed over those of the day-laborers who have undertaken like enterprises. Any enterprise which they entered upon need not have lacked capital. The fact that most of them did lack that very thing, proves only the latent distrust, and still powerful conservatism in matters pertaining to their own affairs, that controlled the actions even of those who seemed to be the most enthusiastic converts to the idea of coöperation.

The various experiences of the different communities were so much alike that the general statement will answer for them all. Yet, as an example of the class, it will be best to take the experience of the State Grange and of the local granges in some one state, and afterwards the special differences which may characterize the movement in other states can be stated briefly, and unnecessary repetition avoided. Even a statement of the amounts of money invested and lost or made in these enterprises would be curious rather than valuable, and not only would the existing materials for such a summary be very difficult of collation, but the materials for the completion of it are no longer in existence. As the state, the experience of which in the direction of grange coöperation will furnish the best point of departure for studying the whole movement, Ohio will be taken. The experiences of the farmers of this state will serve our present purpose none the worse because they at-

tempted much and achieved nothing. The pathology of coöperation may be studied with profit.

Ohio.

Business Agency.—In Ohio, as in most of the states, a Central Business Agency, or Supply House, was started under the patronage of the State Grange. This was from the first under the management of W. H. Hill, who came to the work recommended by his successful direction of the local Supply House at Lima. The capital was advanced by the State Grange, and the credit of that body was used in the transaction of business, but the whole control of the affair was given to the manager. The main house was located at Cincinnati, and it was intended, besides selling to the various local grange stores already established, that branch houses should be maintained in different parts of the state to do the retail business. Goods were to be sold at prime cost. If any profit were by accident to accrue, it was to be turned into the treasury of the State Grange.

By July, 1878, Hill declared that the enterprise was no longer an experiment, but had proven its right to exist and was a fixed part of the commercial organism of the state. The manager filled a column or more each week of the *National Grange Bulletin* with gossip about the agency, and the business, according to his accounts of it, had certainly grown—at least in the sense of having developed along many and divergent lines. Besides acting as purchasing agent for everything that a farmer could want—from threshing machines to molasses—Hill was also a receiver of everything a farmer had to sell, from live stock to grass seed. He became a sort of commercial prophet extraordinary and adviser plenipotentiary, and in his weekly contribution to the *Bulletin* made guesses at the tendencies of the wheat market, and told his readers who were the most reliable firms from whom they could obtain a library or a twenty-five-cent dinner. That a man could do so much gratuitous

advertising wisely is not conceivable, and that the average man could do it honestly may be doubted.

At the end of each year Hill made a report, and after deducting his own salary and that of the clerks, a small balance, usually less than a hundred dollars, but running up to $143.82 in 1878, was turned into the treasury of the State Grange. The business had at this time so extended itself that a branch house was established at Cleveland, under the management of E. F. Ensign. This branch house continued to do business on the same plan as the other until the collapse of both. A grange newspaper war about the state agency became bitter—Hill's enemies charging him with dishonesty, and he replying with assertions that they were jealous of a deserving institution, and wilfully withholding support that should be accorded it. Investigations were made which only furnished fresh material for disputes. Men wrote to ask "if one man could coöperate?" and notwithstanding Hill's books, which were said to show that he was handling goods on an average commission of from one to three per cent., the grange concluded that the business of the agency had better be closed out. Friends of the grange and of Hill are said to have paid considerable sums out of their own pockets to save either the order or the man from reproach; but these assertions are denied, nor does it matter much from our standpoint whether they are true or false. Whether the exact amount lost was $20,000, as many believed—secrecy having led to exaggeration—or whether it was very little or nothing at all, as others asserted, is only a question of degree. There was apparently nothing in the government of the agency that need have prevented it from losing that or any other amount.

Cincinnati Grange Supply House.—But the faith of those at the head of the Ohio State Grange in the value of coöperation was in no wise shaken. Even when the "agency" was obviously failing they were at work starting an enterprise which was to operate on strictly coöperative principles.

The moving spirit was F. P. Wolcott, then, as now, editor of the *American Grange Bulletin.* He had been in Europe and studied the great distributive societies of England, and had been so convinced of the expediency and stability of such societies that he had bought stock in some of the English concerns, and was now ready to make other investments in like organizations in this country. In September, 1880, there was a meeting of stockholders to take steps toward the organization and incorporation of the Cincinnati Grange Supply House.

The committee on constitution and by-laws were instructed to prepare them as nearly in accordance with the Rochdale model as the laws of Ohio permitted. The Supply House, located at Cincinnati, was to be the central or wholesale house for the grange stores of Ohio, Indiana, Kentucky and West Virginia. The ultimate object was the establishment of a system of coöperative stores over all the middle west, which should be tributary to the one at Cincinnati, or to like houses in other large cities. It was at first suggested that of the nine directors of the company three should be chosen from Ohio, and two from each of the other states named above. But as West Virginia farmers did not feel sufficient interest to buy any stock at all, and as little was sold in any state but Ohio, the constitution finally provided that at least five of the directors should come from Ohio.

As the law best adapted to its purposes, the company organized under the general act for incorporating mutual insurance societies; but though this law may have been the best on the statute books, it was very ill-adapted, indeed, to the purposes in hand. In the first place it was found impossible to provide for voting on any other basis than that of the amount of stock held. Wolcott desired that the company begin business with the mutual understanding among the stockholders that each man should have but one vote, no matter how much stock he held. In other words, he appreciated the fundamental importance of this provision, and desired those holding more than a single

share to voluntarily resign their legal rights till a better law could be enacted. But the sticklers for the exact conformity of all the methods of the company to the existing law overruled his wish to try the experiment of government by comity. Another conflict with the law under which they were to operate occurred when they made the provision that if any stockholder should sever his connnection with the order of Patrons of Husbandry—no stock being issued except to members of the grange—he should be obliged to hand in his stock, and the company was then to pay him, within six months, the par value of the stock resigned.

The capital stock of the company was to amount to $50,000, divided into shares of five dollars each, and no person was to be allowed to hold more than one hundred shares. As farmers are producers as well as consumers, it was thought advisable to make provision for the doing of a commission business, indicating that the same tendency to consider all sorts of "business" a simple matter, and easy of management, had not been got rid of through the disastrous experiment with the agency. An invoice was to be taken twice a year, and, not willing to trust simply to the natural force of the English language, the help of the printer's italics was called in—the constitution setting forth that "in such invoice due allowance *must* be made for any shrinkage in value that may have occurred since the last invoice in merchandise, or other property of this association." The constitution was printed at the *Grange Bulletin* office, and it may be suspected that Editor Wolcott is responsible for the italic emphasis, which continues as follows:

"They (the directors) shall require *all the business* of this association, buying and selling, to be done strictly on a *cash* basis, and under no circumstances permit a departure from this rule."

Abandoning the old plan of distributing at cost, the goods handled were to be sold at the regular market price, but no deviation was to be made in any case from the prices

marked, in favor of any purchaser whatever. Article XXIII. related to division of profits, and was as follows:

"The net profits of this association shall be determined by deducting from the apparent profits, as shown by the ledger accounts, the cost of management, which shall include the salaries of officers and all employés, storage, freight, and all other items of expense incurred in the management of the business, interest at the rate of six per cent. per annum on all paid-up stock, and the shrinkage in value as shown by invoice.

"The said net profits shall be divided among the *Patrons of Husbandry* who have purchased goods from the association in the preceding half year, in proportion to the amounts purchased as shown by the ledger accounts; but patrons who are not members shall receive only one-half the proportion of those who are members of the association."

At the end of the first year the net gains amounted to $1,328, which was all paid out either as interest on paid-up stock, or as dividends to purchasers. There was no provision for a reserve fund, and so no possibility of saving the company from borrowing or assessing the stockholders whenever reverses might come. In fact, during this first year $1,500 had been borrowed at six per cent. In spite of the emphatic italics used in printing the constitution, the exhibit of resources contained the startling item: "Sundry book accounts, $4,496;" and, besides the "borrowed money," the "goods on deposit to be paid for when sold," and the "undrawn salaries," there was also seven hundred and seventy-eight dollars of "other indebtedness." More than all this, there was included on the debit side of the loss and gain account the small but significant item of four dollars lost on debts.

During the next six months an old bill for expenses of the man that had canvassed the state to sell the stock came in, and other evidences of slip-shod accounts. One of the most discouraging features about the third semi-annual report was the fact that it was presented at a regular meeting of the stockholders at which there was not a quorum present. As it required only twenty for a quorum, and as there

were some seven hundred stockholders, the complete apathy with which the enterprise was regarded by all but a few may be inferred.

According to the statement for January, 1883, though the amount of paid-up stock had increased to nearly thirteen thousand dollars, yet the amount of indebtedness of various kinds had also increased: the value of the merchandise sold had shrunk to $67,098, that of the commission business reached only $38,042, and the net profits were $1,080. Among the resources, the "book accounts" had reached the sum of $6,282—the italics to the contrary notwithstanding.

Whenever a man of moderate business capacity begins "to get involved," the chances are that he will conclude that the one thing needful is for him to extend his business. So, as things began to get tangled in the affairs of the Cincinnati Grange Supply House, the men in charge decided that matters would be much helped by starting a branch establishment. In 1883 this company, that had to borrow money to carry on its own affairs, sent off about two thousand five hundred dollars of its much needed capital to start a branch house at Cleveland, which was credited with having earned during the six months a net profit of forty-three dollars and ninety-four cents. The total net profit of the whole concern for the same time was only four hundred and forty-eight dollars, which barely equalled the interest on paid-up stock. During the next half year the volume of business and the net profits increased somewhat, but the amount of "accounts outstanding" had now reached almost $9,000, though some of them had been settled by the acceptance of "bills receivable" to the amount of $1,100.

When I was in Cincinnati in June, 1886, the Grange Supply House, which it had been hoped would be the parent of coöperative enterprises over the whole West, was apparently in the last agonies of dissolution. In the hands of Receiver Harrison it was thought that everything would be speedily wound up; but these "artificial persons," or "legal entities," that we call corporations, sometimes find it hard

to die. It has been so in this case. A letter bearing the date October 25, 1886, contains the following:

"The Grange Supply House is still in course of liquidation. It is hoped that it will pay out with total loss of stock—but if lease of property is made valid, then they will settle by an assessment on the stockholders of at least twenty per cent. I seriously doubt any early efforts at coöperation among farmers. They have had quite enough for the present, and this generation will hardly forget the coöperative failures of the past fifteen years."

Other Grange Stores.—During the halcyon days of the grange there was, at least for a short time, a grange store in nearly every county in Ohio, but so far as I have been able to learn not one of them is now in existence; or, even if the store remains, all the coöperative features have long since disappeared. At Hillsboro' a local supply house was started and a man chosen to manage it who had failed in his own business. To insure a sufficient degree of cheapness, the directors passed an iron rule that no goods whatever should be sold at more than ten per cent. profit. The merchants of the place combined and made prices very low on staple articles, and the grange establishment, being unable to make good the loss through higher profits on other articles, was at a serious disadvantage. The stockholders themselves withdrew their patronage, yielding to the temptation of temporarily low prices elsewhere, and the coöperative store failed disastrously. At the close the stockholders endeavored to give their stock away to escape assessments, but could not do it.

The regular competitive stores in the various places were inclined to measure the danger to themselves by the aims and anticipations of the advocates of coöperation. As the latter declared their intention of annihilating middlemen, it is not strange that these were inclined to combine for the the annihilation of coöperative enterprises. Thus at Lima established merchants of the place made an arrangement among themselves by which one agreed to sell one staple article below cost, another another, and in this way they

drew patronage from the grange house and caused its collapse. At Zanesville and at other places public spirited individuals paid out of their own pockets the losses incurred by these ill-starred coöperative affairs. At Dayton one of the grange stores held out longer than those in other parts of the state, but finally succumbed. Where there was no public spirit to break the severity of the downfall of these institutions, the results were even more disastrous. I was assured that there were even yet as many as a hundred lawsuits which had their origin in coöperative enterprises, "dragging their slow length" through the courts of Highland county.

As an example of the manner in which many of these stores retained the adjectives "coöperative" in their title through the principle evaporated at an early day, we may say a word of the attempt at Geneva. Here it was found that if a good stock was not kept for patrons to select from they would trade elsewhere. The increase of stock necessitated an increase in capital and in clerk hire, and it was found that with these additional expenses goods from this store were not so very much cheaper than those purchased elsewhere. So the management passed into the hands of an ordinary joint stock company of limited membership.

Coöperative Creameries.—The only noteworthy example of productive coöperation among farmers in Ohio is to be found in the creameries located in the principle grazing counties of the state. These are enterprises that have grown up without the help of lecturers, or newspaper editorials, or any of the noisy enginery of a state organization. They were started because it was believed they would be immediately profitable to those engaged; they were continued on a coöperative basis because that method of operation was in fact found to be profitable, and the element of coöperation is at present being pretty rapidly eliminated from their management because the resulting increment of profits, owing to the efforts of competitors and the general state of

the market, is so small that many farmers short-sightedly refuse to "bother" with them longer. One gentleman, who is quite well acquainted with the circumstances, estimates that this form of coöperation must be the basis of twenty to forty per cent. of the farming in the counties of Geauga, Ashtabula, Portage and Summit. But, after as careful an investigation of the matter as the circumstances permit, I feel sure that this is an over estimate.

As best showing the history and extent of this form of industry, and as indicating the vibration between the coöperative and the ordinary method of managing the factories, a sketch will be given of their history in Geauga county. All the materials for this statement were obtained through the kindness of J. O. Converse, editor of the Geauga *Republican*, and of William Howard, the county auditor.

In 1862 a Mr. Stanhope erected a cheese factory in Bainbridge, of sufficient capacity to manufacture into cheese the milk of one thousand cows. The proprietor engaged to furnish all the incidentals, manufacture the cheese, and care for the same until sold, at a certain rate per hundred pounds. The patrons arranged for the delivery of the milk at the factory, and appointed each year a man to attend to the selling and to distribute the net proceeds of the sales in proportion to the amount of milk furnished. This method was pursued with entire success for some twelve years, and in some localities is still employed. It is said to bring to the dairymen greater returns for the milk produced than any other plan. Before 1873 fifteen of these factories had been established in Geauga county at an aggregate expense of about $20,000, and with few exceptions these were managed according to the plan described above.

In 1874 the price of cheese had become so low that, as the owners of the factories refused to reduce the price per hundred, the dairymen in some localities formed joint-stock companies for the manufacture of cheese at prime cost, the members of the company being numerous enough to furnish all the milk for which the factory had capacity. After

reckoning the interest on the first cost of the buildings required, the running expenses and the cost of repairing, it was found that cheese could be manufactured for ninety cents per hundred. To prevent any further action in this direction, the owners of the factories immediately engaged to bear all the incidental expenses, to do the work of manufacturing, and to care for the cheese until sold for one cent per pound. This to a large extent satisfied the dairymen until an attempt was made by the owners of factories to control the dairy interest by buying the milk delivered at the factory. This method has not given general satisfaction, because of a combination on the part of owners of factories to control prices. As a rule, dairymen are better satisfied to have the milk of their dairies made into cheese at a reasonable rate per hundred and sold at the market price. Mr. Howard reckons the profit on capital invested in cheese factories at fifty per cent., and says it would be yet larger, but that factory property depreciates in value very rapidly. Of course it is not possible that a regular profit so large as this could be surely earned, although it is a business where the money investment is small as compared with the value of the annual product.

The factories that were erected on the joint-stock plan have usually been rented to reliable parties for a term of years. The lessee engages to manufacture the milk delivered at the factory each day at a certain rate, usually seventy-five cents per hundred-weight of cheese. This method, the most decidedly coöperative in principle of any, has been found very satisfactory in many localities. The manufacturer gets fair pay for his work, and the dairymen get all for the milk that the market value of the product warrants.

The annual product of cheese in most of the counties in Ohio, and notably in Geauga county, has been steadily decreasing since 1874. In that year the amount of the product was 5,227,702 pounds. In 1884 it was only 3,446,941 pounds, showing a net decrease of 1,780,761 pounds.

This diminution is attributed for the most part to the extensive adulteration of dairy products, which reduces the value of those that are genuine by partly satisfying the demand with an inferior article.

In Lake county the one cheese factory operates on the plan of paying the manufacturer by the hundred, and then dividing the proceeds among the dairymen. In Ashtabula county the dairy interest is quite large, and the coöperative principle obtains, to a very considerable extent, the method adopted being that of Lake county. In Cuyahoga county, a correspondent much interested in such matters, writes that coöperative creameries are in that county nearly a thing of the past. There is one coöperative cheese factory near Chagrin Falls, which is thought to give its patrons slightly better results than other establishments in the county where the milk is sold on delivery. The same correspondent, in speaking with regret of the decay of the coöperative element in the management of these concerns, lays special stress upon its educational value, though this form of coöperation may possibly be considered a very mild one. In the days when most of the creameries and cheese factories were coöperative, the weekly county paper found it profitable to take markets by telegraph on the day of going to press, while now the farmers are indifferent to the condition of the market, as they sell their milk on prices established about once a month.

Taken all in all, we find that this form of coöperation among dairymen farmers in northern Ohio is the most unostentatious and the most successful part of the movement for rural coöperation in that state. In fact, it is the only example of success, and the only branch of business in which the farmers have tried to apply the principle, that the result has not been disastrous. Though even in this branch of industry the coöperative element is now in abeyance, yet it is demonstrated that this form of organization may be an efficient weapon in the hands of the farmers whenever the owners of factories become oppressive in their

exactions. The reasons for the success achieved are not far to seek. The capital necessary is not large in proportion to the value of the annual product, the details of the business of manufacturing are simple and can be safely intrusted to a salaried superintendent, or one who receives so much per pound for the article manufactured, the product is a staple for the selling of which no advertising is necessary, and from beginning to end no secrecy is required.

Other States.

Indiana.—In Indiana much the same line of action was taken as in Ohio. During the time of the grange's greatest prosperity a state grange agency was established, which for a while did a large and apparently profitable business. In 1876 the transactions of this concern amounted to nearly one thousand dollars per day. But the agency was badly managed, a large stock of unsalable articles accumulated in the hands of the agent, irresponsible parties were trusted, and there was great shrinkage in values. As a result of these perfectly adequate causes, the agency became bankrupt, and the State Grange of Indiana lost about six thousand dollars through the failure. Of the many local coöperative stores that began business in Indiana some still survive, of which the most successful and the most noted is the Huntington Coöperative Association.

The enterprise was begun seven years ago, and has from first to last operated upon the Rochdale plan, as far as the laws of Indiana permit. The association began business with a capital of only five hundred dollars, which has since increased to $20,000. The annual transactions of the concern average about $65,000. In 1883 it handled over $100,000 of goods and paid a quarterly rebate on purchase-checks of fourteen per cent. to stockholders, and seven per cent. to non-sharing patrons. Somewhat higher rebates have at times been paid. Within the last two years the association has sold almost as many goods as in 1883, but

has been compelled to handle them on such close margins that the rebates have been comparatively small.

In the state of Indiana the grangers made some attempts to organize coöperative companies for the manufacture of farm implements, but these, without exception, resulted disastrously.

MICHIGAN.—Three successful or semi-successful stores are left over from the wreck of high hopes and ambitious undertakings in Michigan. The most prosperous of these is the Coöperative Association of the Patrons of Husbandry of Allegan county, that "deals in everything except intoxicating drinks." Shares are ten dollars each. The first share owned gives the holder a right to one vote, and he has but one additional vote for each fifty shares that he may pay for thereafter. The number of shares is not limited, but no one at present holds more than fifty. Capital paid in is $25,650, the number of shareholders, five hundred and twenty-five. Goods are sold at cost and four per cent. is added to the bill. Five per cent. interest is paid on stock. The manager is responsible for all credit given. Annual sales for the last two years have been $161,000.

The Battle Creek Coöperative Association of the Patrons of Husbandry and Sovereigns of Industry is also prosperous. The capital is $6,000, held by one hundred and seventy-five stockholders. Shares are ten dollars each, no one person to hold more than forty shares, and no shareholder to have more than one vote. Goods are sold to all customers at current rates, and profits divided among stockholders.

The Lansing Coöperative Association of the Order of the Patrons of Husbandry was very successful until the last year or so, when its store has been rather overstocked, and goods have so depreciated as to reduce profits. W. J. Beal, professor of botany and forestry in the Agricultural College of Michigan, has been a prominent member of this association and it is through his kindness that I have obtained most of the facts regarding grange coöperation in this state. The

association began some twelve years ago, with a capital of three hundred dollars; it has now a paid-up capital of $18,000. Shares are ten dollars each—no one allowed to hold more than fifty—and votes are in proportion to stock held. The sales have averaged one hundred and seventy dollars per day. Present prospects are very encouraging.

ILLINOIS.—In this state there were at one time coöperative stores in fully half the counties. As a rule each one was prosperous for a time, but failed, as a correspondent writes, "from lack of mercantile ability on the part of farmers elected as boards of directors and managing salesmen."

For some ten years there has been established at Chicago an unambitious but useful business agency of the State Grange. The agent—at present Mr. Joseph Chambers—is elected by the State Grange, and receives a salary for the work done. No capital is invested in the business. Any local grange, or any granger known to the agency, may order any sort of merchandise through Mr. Chambers, who merely sends the orders on to wholesale houses that fill them at the regular rates, the grange receiving a small commission, and becoming responsible on the one hand to the purchaser for a good quality of goods and proper rates, and on the other hand to the wholesale dealer for prompt payment in cases where cash does not accompany the order. Farm products may also be consigned to tho agency, and sold at customary commissions. The amount of goods handled in this way is very considerable, but the business, as conducted, does not take all the time of even one man. There are some complaints regarding the management of the agency, but what foundation they may have it is not easy to determine.

MISSOURI.—In Missouri there seem to have been no features worthy of special notice regarding rural coöperation.

KANSAS.—Here we find examples of unusual and apparently permanent success. The Johnston County Coöpera-

tive Association, which is doing a successful business at Olathe, is the oldest and most successful of these. Its present manager is H. C. Livermore. The prime mover in the enterprise, and the president of the association for nearly ten years, was the Hon. W. H. Toothaker, the Master of the Kansas State Grange, and a man of national reputation in grange work.[1] The Rochdale plan was adopted in its purity, and the association began business in July, 1876. The following table gives a summary of the business done during the first ten years, or until July, 1886:

YEARS.	Capital.	Annual Sales.	Annual Profits.
1	$848 99	$41,598 86	$1,500 29
2	3,816 60	69,177 32	2,149 69
3	5,971 20	92,808 85	4,846 84
4	7,540 90	158,421 54	10,775 54
5	10,343 67	189,175 84	11,402 60
6	17,673 78	243,100 88	14,887 85
7	33,685 00	266,070 15	18,006 21
8	36,879 87	269,099 52	15,305 12
9	38,576 33	252,995 78	13,683 21
10	40,916 83	210,588 79	104,038 41
Totals		$1,793,037 53	$196,595 76

Besides the profits a reserve fund has also been set aside for building purposes, with which a three-story iron and brick building, 130 x 128 feet, has been erected, the third floor being used for the grange meetings and as an audience hall. The building is supplied with steam heaters, an elevator, etc., and was erected at a cost of $75,000. "Prospects are very bright."

The Patrons' Coöperative Bank, of the same place, was undertaken with the same men for leaders as the store. It was organized June 7th, 1883. The capital is $75,000, in

[1] Most of the facts obtained concerning coöperation in Kansas were gathered and systematized for me by Mr. Toothaker, to whose helpful courtesy I am much indebted.

$100 shares, no man to hold more than ten, and each shareholder to have but one vote. "It was established," says Mr. Toothaker, "principally as a means of protecting the people from losses as depositors," many disastrous failures of banks having occurred. The present stockholders number about two hundred—farmers with visible property worth from ten to one hundred thousand dollars, and as all their personal property is, by the law of the state, to serve as security, there seems small chance for loss on the part of depositors. "The bank has paid the stockholders a semi-annual dividend of ten per cent."[1] The yearly deposits amount to $1,000,000 and the exchange to over $500,000.

"There are some twenty or thirty smaller coöperative stores in the state, which need not be described in detail." There are noticeably successful stores at Constant, Cowley county; McLooth, Jefferson county; also at Cadmus, Oakwood, Mound City and Spring Hill.

NEBRASKA.—In 1872 Nebraska was comparatively new and comparatively far from the places where any desirable farm machinery was then manufactured. Many local granges clubbed their orders for different kinds of implements, and though in many cases the result was satisfactory, yet in others mere cheapness was secured at the expense of quality. The very cheap machinery was very poor. A style of harvesting machine known as the header, was then much used over all the newer West, and continued popular for several years, till supplanted, together with its old-fashioned competitors, by the modern self-binder. The point of interest for our present purposes is, that few heavy or complicated castings were necessary in the construction of these machines, and there were few parts, except the sickle-knives, that required great skill for their manufacture, while these could be easily purchased in quan-

[1] I am not sure whether Mr. Toothaker really meant a twenty per cent. annual dividend or not.

tity. The standard headers were selling at this time for from $225 to $300. In February of 1872 the State Grange appointed an agent to see what could be done towards the manufacturing of headers in Nebraska. After some delay, arrangements were completed with parties in Fremont, which warranted the erection of the necessary foundries and shops, and headers were furnished the State Grange at a net cost of $150. They were sold to farmers at that price, cash on delivery, and no loss resulted. As a consequence the price of all sorts of harvest machinery was reduced over the whole state, railroads gave better rates on machinery of eastern manufacture, and everything seemed to indicate that the grange had made a wise move. But a parallel attempt was made at Plattsmouth in the manufacture of corn cultivators, and in this case about twice as many were manufactured as could be sold, and there resulted a net loss of some $5,000 to the grange. This, through mismanagement, was connected with the Fremont enterprise, and a fine lot of law-suits was the result, in the progress of which some of the grange officials and agents suffered severe and unmerited personal loss. These disasters, together with a severe attack of politics, killed the grange in Nebraska, nor had it, until recently, shown any indication of resurrection.

Causes of Failure.

The causes of the approximate failure of coöperation among farmers in the district under consideration have necessarily been outlined, or at least suggested, in the foregoing historical sketch. They may be summarized under the following heads:

1. Some of the coöperative enterprises have deservedly failed, because, even with proper management, they could not pay. In other words, there are conditions under which the coöperative is demonstrably inferior to the distinctively competitive organization for the attainment of given ob-

jects. One simple example may be given of an industry that has so changed that coöperation, once possible and advisable, is now inadvisable, though still possible. When threshing machines first came into use they were small affairs, usually run by one or two horses in a tread-mill horse-power. Small as they were, each machine could do much more than thresh the crop of an average farmer, and so it was usual for several farmers to combine, buy a machine, thresh their own crops, do, perhaps, some work for their neighbors, and divide the profits. As the machines were improved and enlarged, it became more and more difficult for an ordinary farmer to operate one to advantage. The value of special skill and aptitude for the business of "running a thresher" increased as the business became more technical, for each mistake delayed or wasted the labor of an increasing number of men and teams. Nor did farmers find it profitable to buy machines and hire experienced men to run them, for the chances of wasting time and effort were so numerous that experience proved that only one having personal interest in the result could be relied upon to do the best possible work. With the advent of the present steam thresher, having a thirty-six inch cylinder and a daily capacity that would formerly have been considered fabulous, the change is complete, and threshing is almost universally done by men who charge a given rate per bushel, which rate is fixed by the law of supply and demand. Farmers are still at liberty to combine, buy machinery and do their own threshing, but they would infallibly lose money by doing so. Where farms are small much the same development has taken place regarding harvesting machinery; those who have not enough grain to keep a machine busy during the season usually find it more profitable to hire their grain cut by the acre than to own part of a machine.

Referring to the failures we have described, we may then properly ask the question whether or not a given enterprise failed because, as an industrial undertaking, it was inherently

unwise. As to the attempts to manufacture farm machinery I think this may be said: farmers, as such, cannot produce or cause to be produced, machinery as reliable and cheap as that sent out from the works managed by expert machinists, whose success depends entirely upon their "keeping up with the times" in a business where the times are very hard to keep up with, and on their winning a reputation for reliable products. It may be well enough for farmers to start such enterprises as a ready means of bringing manufacturers to just terms; indeed, it seems that, viewed in this light, the disastrous enterprises begun in Nebraska were worth far more to the farmers of the state than they cost.

2. One of the most useless causes of the failure of coöperative companies, and a potent one, has been the lack of proper legislation, making impossible the incorporation of true coöperative companies. The example of the Cincinnati Grange Supply House is an instance in point.

The mere matter of voting is not the only one which needs a change in the laws to secure the best results, and in some of the states it is allowable to give each member an equal voice in the management of affairs. But nothing definite was done in any of the states to make adequate legislative provision for coöperative companies, though, with the English and the eastern models, and a little common sense, it ought not to have been hard to draft such a law; and an organization strong enough to pass what is called the "granger legislation" regarding corporations already established, might surely have had it enacted. In 1884 a bill passed the Ohio legislature providing for coöperative associations, but it consists merely of the title and a considerable mass of legal verbiage. There is in it absolutely nothing of value for the purpose in hand, except the provision that such associations shall have the right to divide profits among patrons in proportion to purchases, and this right was granted, or could be derived from previous acts under which the so-called coöperative associations had been operating.

3. A third cause of failure may be stâted as the inadaptation of rural life and character to the coöperative method of managing business. We may include under this head individual isolation, lack of business experience, and the fact that farmers are in a position to take, if they choose, the most agreeable and pleasant way, even though it be not in the end the most profitable. Mr. Chambers, of the Illinois Grange Business Agency, says that farmers are too rich to succeed in coöperation. Even where there may be a certain amount of profit in such enterprises, there is no pressing necessity to urge or compel them to take advantage of it. They are in a position to gratify their whims as to where and what to buy, and do so even at some cost to their own final interests. As the first cause of failure given in this summary is one seldom advanced by coöperators or ex-coöperators, so, on the other hand, the one at present under consideration is oftenest given in reply to inquiries as to the causes of failure. The inability of those concerned to break away from the habits acquired in the transaction of ordinary business, and their willingness to be led astray by specious advertisements and the seductions of the temporarily low prices of "cut-throat competitors," have been very fruitful causes of disaster. It will be said, perhaps, that short-sightedness is the cause of nearly all human failures of whatever class, but still it is especially fatal in coöperative enterprises. Those who engage in such undertakings are often called upon to forego immediate in order to secure prospective gains; to pay always a fair price in order that they may avoid the necessity of ever paying more than is fair, and to pay cash at each transaction in order that they need never be compelled to pay a share of some less responsible person's unsettled accounts. A short-sighted, impatient person will not persevere in the doing of these things, and a coöperative company made up of any considerable number of such persons will be sure to fail.

Yet, while short-sightedness and the isolated lives of farmers are causes of failure in coöperative undertakings,

these very features of rural life should serve as additional incentives to repeated and earnest efforts to achieve success. If the individuals of a given class are isolated, so much the more do they need something that will bring them together and teach them to understand each other, so that at need they may be able to work together for a common end; if they are deficient in their knowledge of affairs outside their own peculiar branch of industry then it will be to their advantage to acquire such knowledge, even if they have to pay pretty liberally for the experience through which alone it is to be obtained.

4. Of an exactly opposite nature to the foregoing is the influence of the general indebtedness of the farming class. This has been a potent cause of the failure of many rural enterprises.

5. We may place next in the enumeration of the causes of failure the peculiarly intense hostility of the regular tradesmen. This hostility was more general and vindictive than would have been felt towards the same number of ordinary enterprises, because the coöperators themselves hastened to declare a war of extermination upon "middle-men," and so the latter necessarily entered upon the struggle as upon a struggle for existence.

6. Lastly, there were a great many local causes of failure. Special quarrels and jealousies already existing or soon developed, or other adventitious difficulties brought shipwreck to many of the enterprises.

Residual Benefits.

It may be thought that we are very near the end of the discussion of coöperation among farmers when we have reached the point where it is proper to begin the enumeration of the benefits resulting from the attempts. Though it is indeed true that this branch of the subject need not detain us long, yet it is true, not so much because the benefits were few or small, as because they were of a sort

not susceptible of definite statement and enumeration. An approximate estimate of them might include the following items:

1. The educational benefits resulting to the individual coöperators may first be noticed. The most important of these is not the slight acquaintance gained by some with business forms and methods, but rather the intimate knowledge that individuals gained of their own incapacities and those of their fellows. Practice in working with his fellows is the most useful training a citizen can have, and this the attempts at coöperation afforded. The earlier grangers were told, and believed, that it would be a simple matter for them to manage all the industrial machinery by which they were in any wise affected. They made numerous experiments to test the feasibility of the thing, and have been more modest and more sensible ever since. They will hereafter understand better the power and the real value of the industrial organization of the present, and they will better understand themselves. Though they may attempt less, they will achieve more.

2. We have already noticed in certain cases the good effects resulting from attempted coöperation through the medium of lower rates forced upon the regular dealers. Co-operative enterprises served as an efficient means of pricking the bubble of high prices produced by monopoly, or really superfluous middle-men. The strictly competitive system might be expected to perform all such services for itself, but in practice it is found that some force extraneous to that system is of use in accomplishing such results.

3. The habit of going to first sources for supplies has resulted in a permanent pruning of the powers of local dealers. Through the old "business agencies," relations were established with wholesale houses which continue, even where the agencies have ceased to exist. "Shopping by mail" was greatly helped towards its present importance by the grange movement, and is still carried on in many cases through the means of the order.

4. A certain amount of absolute success has been achieved, and the possibility of achieving success under right laws, and with good management, has been demonstrated.

Thus, though the proportion of failures to successes has been greater in this section than in any other, the careful study of the facts need not discourage us. "Even our failures are a prophecy.'

CHAPTER II.

COÖPERATION AMONG WAGE-EARNERS.

Coöperation among wage-earners in the middle west is as yet almost wholly tentative. He who writes of it must, for the most part, be content to describe hopes and to sketch possibilities.

In estimating the general possibilities of the success of co-operative enterprises as such, the first factor to be considered is the way in which such enterprises are regarded by the laborers themselves. It is believed, and speaking generally it is true, that the enthusiasm of the laboring men for coöperation surpasses that of the early grangers; the need of the wage-earners is greater, and their aims are more radical. "Down with the strike (assistance) fund and up with the coöperative fund," says the Chicago *Knights of Labor*, and wants the order to raise $6,000,000 for the advancement of the "cause." This enthusiasm is so vociferous and so much talked about that here it need not be further insisted on; there is, however, an under-current of opposition, which, though not specially important in itself, needs noticing because it is usually ignored. This opposition is that of certain laborers—or, perhaps, some would think it more accurate to say of certain labor leaders—to what they call individual or competitive coöperation; that is to the formation of individual coöperative companies that seek to fit themselves into the ordinary competitive organization of industry. The radical wing of the Socialists is an existing force that should be reckoned with. Their present opposition to attempts at partial coöperation are various, and some of them troublesome. When the Denver *Labor Enquirer*, the official organ of the "Red Internationals," declares against profit-sharing, it does so on purely theoretical

grounds. But a most conspicuous example of practical opposition is to be found in the action of the International Working People's Association in Chicago, relative to the proposed coöperative company formed by the packing-house strikers, and designed to operate a large establishment of its own. The opposition to the project was based largely upon the ground that successful coöperators became as conservative and aristocratic as any other capitalists. Morgan, who opposed the plan most decidedly, also sketched very forcibly the difficulties attending a coöperative enterprise that must compete with such a man as Armour, and urged that laborers could have no real power till all industry was managed as the postoffice now is. Until that time came, the laborer should get as much as possible for his work, and help forward the agitation for the complete triumph of socialism. Whether from such opposition, or from inherent weakness, the packing-house scheme came to nothing.

Some of the labor papers also become restive under the perpetual reiteration of the story of the Rochdale Pioneers, and show that in the department of retail trade the profits are already so small in this country that the retailers more resemble hired laborers for the wholesale houses than independent tradesmen, and that with trade so organized there is no place for distributive coöperation.[1]

No one can doubt the need of such a warning who has looked through the great mass of self-complacent theorizing indulged in by writers for the labor press. But aside from the theorists who hinder by opposing and the theorists who cripple by trying unwisely to aid the movement for coöperation, the fact remains that the great majority of organized laborers in this section of the country believe in coöperation, and are making very practical and very vigorous efforts to help forward "the cause." One of the largest appropriations made by the General Assembly of the

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[1] Professor J. B. Clark, in his recent work, The Philosophy of Wealth, insists upon this same point, p. 193.

Knights of Labor, at its meeting at Richmond, was for the purpose of furthering practical coöperation, and with the help of the hard sense and great experience which some of the leaders possess, we may hope that definite results of some sort may ere long be reached.

In their declaration of principles the Knights of Labor declare that their ultimate object is to introduce a "coöperative industrial system," which undoubtedly many of them expect to become universal without great delay. But their leaders are too shrewd, and have learned too much by their experience of the last few years, to expect very startling results in the immediate future. "We cannot make men," says Powderly, sadly; "we must take them as we find them;" and one of the most difficult features of the work of the leaders has been to get the men to come down to practical plans and begin where there is a possibility of beginning.

McGaughey, the secretary of the coöperative board, has had a chance to observe all the operations of the successful coöperative coopers, elsewhere described by Dr. Shaw, and the study of the self-helping efforts of these men has begot in him a rather lively impatience with the frequent calls for assistance made by various local assemblies. A published letter of his says that the coöperative board desire to learn of all coöperative efforts, and especially to receive copies of their by-laws and constitutions, but that the board does *not* want any more applications for aid from coöperative enterprises. "This thing of expecting help in starting a carp-pond, a dairy or a machine shop is a great mistake." Then going on in an exclamatory and despairing mood, he cries: "Give us a rest in the name of brotherhood and human charity! If your plans are feasible the best place to look for help must be near home." Mr. Samuel, another member of the board, trying to meet the demand for definite plans of cooperation fitted to existing circumstances, prepared a pamphlet of twenty pages on "How to Organize Coöperative Societies." This pamphlet gives the fundamental maxims

that have been followed by nearly all successful coöperators, a model for the constitution and by-laws of a coöperative society, and a few pages of reasons why a laboring man should become a coöperator. The price of this little work is only five cents, and though it was published in 1886, it has circulated widely among the Knights, and has already exerted considerable influence in shaping the policy of the various new societies springing up in various parts of the country.

Before taking up the individual enterprises, one more characteristic of the attitude of certain laborers should be pointed out. The feeling alluded to is that of dread of the present competitive organization as of something tangible and objective, which is able to seize and injure them. Of course, this feeling is not widespread, but that it should exist at all in this country will be a matter of surprise to some. It is almost exactly analagous to the fear which an oppressed citizen might have of a tyrannical government. I know of coöperative stores, the managers of which keep everything as secret as possible, and where the deliberations of the stockholders are carried on with many of the precautions that conspirators, planning the assassination of a tyrant, might employ. In Michigan there is a small coöperative store, the very existence of which is kept secret, and I was confidentially informed of its whereabouts only on condition that none of the facts concerning it should be made public.

At the close of his pamphlet on "How to Organize Coöperative Societies," Mr. Samuel gives five reasons for being a coöperator, and the last of these affords as good a summary as we need seek of the way in which this subject is regarded by the great majority of workingmen who both think and hope. The essential parts of the passage referred to are these:

"Coöperation is the only way that I see by which the workers in this land, or any other, can raise their position to what it ought to be and might be. Hundreds and thousands of persons have

'got on,' as it's called, by getting on the backs of the workers. They have rolled up capital out of profits on their work and their trade. Now, cannot the workers get themselves, as a body; 'on' to a higher standing ground? Cannot they roll up capital out of their own purchases and their own work to lift themselves up, one and all? I believe they can. But how? By union among themselves for this great end—the greatest end, I think, that men have ever knowingly worked for. Now, where does the road to this end begin? Where else but in the store—which can give them capital out of their own income; which gives them business habits; which enables them to combine their power by great commercial institutions, such as the coöperative wholesale societies, and active centers for propaganda, conferences, congresses, central and sectional boards, at once creating strength and showing them how to use it to best advantage and for the noblest purposes."

Integral Coöperation.

Those who have become acquainted with any considerable number of attempts at coöperation must have felt at times that Wolsey's injunction, "I charge thee, fling away ambition," is of special applicability to coöperators. "The great fault with too many coöperators," said Powderly in 1885, "is that they advocate the establishment of coöperative institutions on too large a scale."

The Knights of Labor announce that they are working towards universal coöperation, but this is said by men who (most of them) realize keenly how distant is the goal that they are striving toward. Yet there are others, within and without the order, that refuse to see the difficulties, and who insist on believing in an imminent millenium.

The most radical of those who have practically attempted to realize such ideals believe in "integral coöperation." The end sought through this form of organization is really a state of pure socialism, with socialized capital and reward proportioned to services. An enterprise of the kind was organized by Henry E. Sharpe in January of 1880, and was called the York Society of Integral Coöperators. I have obtained no detailed account of the society during the period immediately following its origin, but in 1882 there

were about sixty members, some of whom were already located on a farm of one thousand acres near Eglinton, in the southwestern part of Missouri.

The object of those interested was declared to be "to form an absolutely independent community, not communistic, but with the motto: 'Equal opportunity, but reward proportioned to deed.'" Capital was borrowed upon which a fixed interest was paid, but the intention was that all capital should ultimately be socialized. The members of the colony entered Local Assembly 2776 of the Knights of Labor, and Sharpe, the originator and propagandist of the enterprise, was made chairman of the coöperative board of the order. In this capacity he travelled about lecturing on coöperation for the edification of the Knights and others. After picturing, in the way that was then becoming, and has since become so common, the existing miseries of the "wage slave," his first point was to show that under the present organization of industry no betterment was possible. He followed this alleged demonstration by the dogmatic assertion that coöperation, as tried in England, had failed, and that the various schemes of industrial partnership had failed. He next claimed that neither productive coöperation nor competitive distributive coöperation would make its way unaided. The one solution of the problem was the union of these two, or integral coöperation. "Do not produce to sell, do not buy to consume. Be independent of capital, independent of markets and of the price of labor. Work for yourselves."

But though the Knights were anxious to undertake coöperative enterprises, and though their chairman of the coöperative board was very sure he knew the proper method of going about the work, yet he was not destined to be the Moses that was to lead them out of the Egypt of wage-bondage. For, while, by means of his lectures in the large cities, he was in some measure carrying the war into the enemy's country, the model colony at Eglinton was in revolt behind him.

In the final report of the Executive Board to the General Assembly, the following causes were assigned for the failure: (1) City people cannot succeed in agriculture at once; (2) Want of individual incentive to exertion; (3) Want of means to discipline or to expel refractory members; (4) No way of restraining members in case of a panic; (5) The smallness of the scale on which the experiment was tried. The same circumstance also made it impossible to give opportunity for the development of individual capacity. The Executive Board formulated in their report the more obvious of the lessons which the Eglinton experiment seemed to teach: "(1) Men cannot change at once from the condition of wage-service to the higher level of coöperation. Man for a long time yet must have before his mind the fear of being stricken from the pay-roll. (2) Individual incentives to exertion must be provided. (3) Executive officers must have power to discipline, subject always to appeal. (4) Executive officers must have ample authority to select the men best adapted to the work in hand." This preëminently sensible report was submitted to the General Assembly of the Knights of Labor at its meeting in 1884. The lessons then learned the managers of the order seem not to have forgotten, for this was the last time that they officially countenanced any scheme for immediate integral coöperation. Thenceforth they lent the whole force of their influence to more modest but more feasible plans.

Yet many individuals in the order have looked in the same direction for the coming of industrial salvation. A friend in Cincinnati has sent me a copy of a book published at St. Louis by the author and designed to circulate chiefly among the Knights of Labor. On the upper cover are stamped the words: "The Key of Industrial Coöperative Government, by Pruning Knife." On the other cover is a picture which represents a hand throwing open the portals of "Equity," through which may be seen a very small lamb resting lovingly by the side of a very large and very benignant lion. The book is written in doggerel poetry, inter-

spersed with that style of composition which is said to possess neither rhyme nor reason, and is illustrated from drawings by the author himself. As an all-sufficient example of his economic, poetic and grammatical attainments, one verse may be given of his description of the ideal industrial organization:

> "In lieu of greedy profits made by us,
> Industrial bureaus on each other draw
> For all the products without least of fuss;
> With great dispatch, a system without flaw."

Even Mr. John Samuel, whose pamphlet was mentioned above, sketches the ultimate aims of coöperators as including a system that corresponds to Sharpe's integral coöperation. Section two, of a model constitution for a coöperative society, drawn up by him, is as follows:

"The object of this society is to elevate the intellectual, moral and financial condition of its members, through coöperative effort, and in accordance with the following plans and arrangements:[1]

1. "The establishment of a store to conduct the business of general dealers, wholesale and retail, in food, clothing and other commodities; and to manufacture the same whenever practicable, or when necessary for the employment of such members as may be suffering from an undue reduction of wages.

2. "The buying and holding of land, and the erection of buildings thereon for the use of the society.

3. "To elevate the domestic condition of its members by buying or building suitable homes for such as may need.

4. "The purchase or rental of lands or landed estates, to be cultivated by members who are out of employment, or who may suffer from poor wages.

5. "And to proceed, as soon as practicable, to the establishment of a self-supporting home colony, or to assist other societies in establishing such colonies, wherein may be exemplified in a practical way the coöperative idea of production, distribution, education and government."

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[1]How to Org. Coöp. So., p. 6.

Distributive Enterprises.[1]

Of the distributive enterprises managed distinctively by wage-workers, I know of none established earlier than 1881. A vast swarm of them are at present coming into existence, or trying to. Of the whole number I have obtained more or less definite information regarding something over thirty. As many of their brief histories, in so far as they have histories, are of small value, I prefer to speak at length of but four of them, and pass by the others with nothing more than possible mention. Some of the most important enterprises may not be known to me at all. Modest undertakings, as before stated, are apt to be the most successful, and these will often be overlooked, even by one who appreciates the need of seeking for them.

Coöperative Association No. 1.—The following circular was issued early in January in 1886:

"*Coöperative Fair; Fannie Allyn, L. A.* 4457, *Cincinnati, Ohio.*

"Believing that our only salvation lies in coöperation, and that being one of the leading principles of our noble order, we therefore, having full confidence in each other, make a bold attempt in forming a coöperative concern.

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[1]Prof. Clark says that "only by a strange perversity of nomenclature" can this form of coöperation be called distributive. "It is productive in as complete a sense as the spinning of wool or the raising of sheep. * * The process is complex, and, in reality, is only *quasi* coöperative. It may, perhaps, be termed mixed cooperation, since the essential peculiarity of it is that men who are employés in one industry become proprietors in another." (Ph. of W., pp. 191-2.) In the sense in which Prof. Clark uses distribution, as an economic term, his exception is well taken, but the word leads to less practical ambiguity than the one he would substitute for it, nor does the word he suggests seem more logical than the other. It does not affect the nature of an enterprise that those engaged in it are engaged in another capacity in other enterprises; its character would be the same whether those connected with it were, in other branches of industry, all employés, or all capitalists. "Consumptive coöperation" is another remarkable name that has been used lately to describe the work of these "consumers' unions," but the usual term will be employed in this paper.

"L. A. 4457 has announced that a fair is to be held at K. of L. Hall, southeast corner of Abigail and Main streets, for said purpose, commencing March 21st, ending March 28th.

"We would like all coöperative concerns to correspond with us, and give statements of articles manufactured and prices therefor. We will be thankful for any information of the above description, as we are anxious to exhibit all K. of L. goods manufactured or made by members of the order.

"We have enclosed tickets for various articles to be raffled for at said fair, and we hope the Assembly will use its influence in the disposal of the same.

"All articles raffled off will be made public through the *Journal* and the labor papers of the country.

"All remittances to be made by March 15.

C. Fannie Allyn,
Geo. C. Kuechler,
Miss Mary Healy,
Fair Committee."

The moving spirit was George C. Kuechler, a young man of twenty-one, a shoe-cutter by trade, and one having plenty of time to attend to the matter, because out of work. It was thought by some that he had been "victimized," that is, found it hard to get work because he had made himself too prominent in forwarding the work of organizing the Knights of Labor. Of the eighteen members of the assembly twelve were ladies. Two of the men had been interested in coöperative enterprises before—one under the Sovereigns of Industry, and the other in one of the great societies of Manchester, England.

Copies of the circular were sent all over the country, and extended notices of the fair appeared in many of the labor papers in distant places. It was the first enterprise of the kind in America, and much was hoped from it. Nearly all the coöperative concerns of the country sent exhibits, and the friends of the order were liberal in their donations of things to serve as prizes in the raffle. The Dueber Watch Case Company, which had just come to terms with the Knights, and been released from a long and effective boycott, was especially generous. In a "business circular,"

issued after the close of the fair, the managers returned thanks for the effective support accorded them, and also did what they could to extend a knowledge of the enterprises represented. Among the most prominent of the exhibitors were the following, most of which are still thriving and prosperous enterprises: The Richmond Coöperative Commercial and Manufacturing Soap Company, of Richmond, Va.; the Ohio Valley Coöperative Pottery Company, of Tiltonville, Ohio; the Quaker City Coöperative Carpet Company, of Philadelphia, Pa.; the Canmakers' Mutual Protective Association, of Baltimore, Md.; the Coöperative Morocco Manufacturing Company, of Philadelphia, Pa.; the Kentucky Railroad Coöperative Tobacco Company (now the Knights of Labor Coöperative Association), of Covington, Ky.; the National K. of L. Coöperative Smoking Tobacco Company, of Raleigh, N. C.; the Coöperative Corn-cob Pipe and Novelty Works, of St. Charles, Mo.; the Coöperative Hat Company, of South Norwalk, Conn.; and of the coöperative cooper shops of Minneapolis, the Phœnix, Northwestern, North Star, Hennepin and Minneapolis sent exhibits. The barrels sent by these companies were made of select staves and hoops, elaborately painted and varnished, and the Pillsbury Milling Company had filled them gratis with "Pillsbury's Best."

The result of the fair was to put the coöperative enterprise on a sound financial basis, and to give coöperators in different parts of the country a better appreciation of each other's work. It shows the feasibility of such exhibitions with our present facilities for inter-communication, and affords an earnest of the value that might be derived from them. Their value would, of course, be increased if they were managed not by one concern primarily for its own profit, but by a committee of the exhibitors, or by some central organization. A directory of coöperative concerns, which has been advocated in the General Assembly of Knights, would then be not difficult to make.

After the fair the Fannie Allyn Coöperative Association

changed its name to the K. of L. Coöperative Association No. 1, of Cincinnati, and on the first of May business was regularly begun. They were able, from the accumulated dues, initiation fees and proceeds of the fair, to buy a stock of goods worth five hundred and four dollars, and had a reserve fund of over one hundred and fifty dollars.

The association rented two rooms at the rear of 555 Main street, and as one of them was used by a K. of L. assembly, the rent which the store had to bear was only three dollars and fifty cents per month. The business hours were from 7 to 10 P. M., and as the managers consented to serve without pay for the first quarter, and be in the store during the evening in turn, there were almost no expenses at all. It was a strangely constructed, non-legal association, and how it could live for any length of time, and especially how it could outlive a quarrel among the members, seems strange, yet the K. of L. Coöperative Association No. 1 contrived to do both these things. Kuechler is no longer connected with it, but its affairs seem to prosper. Business increased rapidly, and a dividend of thirteen per cent. on purchases was declared at the end of the first quarter. A lady was employed to attend to business during the day. A letter bearing date the 13th of January, 1887, informs me that the establishment has removed to a three-story building at 62 Thirteenth street. I am not certain whether or not radical changes have been made in the plan of organization, but a quarrel with the District Assembly has at least compelled them to drop the letters "K. of L." from their title.

National Coöperative Guild.—This is another rather anomolous enterprise that has sprung up in Cincinnati, under the management of Mr. Kuechler, who was concerned with the fair and with the Association No. 1. It might as well be classed with the productive enterprises, for it is a wholesale house, having for its chief object the finding of a market for goods produced by coöperative companies.

The capital is very small, but the association does a sort of commission business for some ten coöperative enterprises.

That a wholesale house can profitably handle miscellaneous merchandise is, of course, improbable. Because a certain brand of cigars, a particular kind of baking powder and a given sort of brooms, or soap, or cooking stoves, have all been produced in establishments having certain coöperative features in their management, seems to be no excuse for lumping them together in the store-room of a single wholesale dealer. One of the most difficult problems for some of the co perative companies has been found to be the securing of a market. In a business requiring as much shrewd advertising as the sale of manufactured tobacco, this is especially true, but it hardly seems that the proper method has been found in this "distributing association." The producing companies will find it easier to force their way into the ordinary avenues of trade by the regular means than by dealing with such a gratuitous "middleman" as this company. Kuechler is himself a good salesman for some sorts of trade, and it appears that it is only through his energetic efforts as a sort of travelling man for the various concerns whose goods the Guild is handling that anything at all has been accomplished.

THE STREATOR COÖPERATIVE SUPPLY STORE.—This enterprise has been in operation but little over a year, yet has met with such immediate and pronounced success as to have attracted the attention of the wage-earners in many parts of the West. Accounts of it have appeared in many of the labor papers, and the company has been flooded with requests for copies of the constitution. The president of the company, and the person to whom it owes its origin, is Mr. John H. Shay, state lecturer of the Knights of Labor for the department of Illinois, and chairman of the State Coöperative Board. The store is the outcome of a series of meetings held in the public park of Streator on the Sabbath day under the auspices of the Knights, and addressed by Shay and others, "on the subjects of organization, education, coöperation, industrial partnership, and the ballot."

It originated among wage-workers and the stock is owned by that class, but much of it is held by persons who are not members of the Knights of Labor, nor has any attempt been made to prevent other classes from purchasing stock. Every effort has been made not to antagonize other dealers, and so favorably is the enterprise regarded by those merchants who do not come in competition with the store, that when the by-laws and constitution were published a few extra pages were filled with advertisements, and these more than paid for the cost of printing the whole.

The capital stock of the company is five thousand dollars, in shares of ten dollars each. No person is allowed to hold more than five shares, "and it shall be the duty of the board of the directors, as rapidly as may be practicable, to assign the shares in excess of one, which any member may hold, to those who may afterwards apply for membership."

After making provision for payment of interest, twenty per cent. of the remaining net profits is set aside for the reserve fund, and the remainder is divided among shareholders in proportion to purchases. Non-shareholding patrons receive no dividends, as it is thought that with such a rule the competing stores can have less cause for complaint.

The business motto of the concern is "cash, current rates and dividends," but credit is allowed for thirty days, in cases of emergency, to three-fifths the value of a member's paid-up stock. No amendment to the constitution shall ever be entertained to allow a member more than one vote, "except in the election of directors, when the vote shall conform to the laws of the state."

THE LARAMIE COÖPERATIVE ASSOCIATION AND OTHERS. —This association, located at Laramie, Wyoming, is also of importance as having been the model for a goodly number of similar enterprises. Judged by the rules that have been found wisest for such undertakings in other places, its constitution and by-laws contain several regulations that seem injudicious; but a prosperous career of over five years, the

present flourishing condition of the company, and the fact that it is becoming more thoroughly coöperative as it gets older, remind us that we must not jump at conclusions.

The company was incorporated December 21st, 1881. The capital was limited to $30,000 by the articles of incorporation in shares of five dollars each; stock is not assessable. There were nine shareholders who subscribed for one hundred and fifteen shares of stock, twenty shares being the most that was held by any one person, and five shares the least. No limit was fixed for the amount of stock which one man could own, but each member is allowed but one vote, and no proxies are allowed. Credit is allowed with a thirty days' limit, and no "member indebted to the association two days previous to any meeting shall be entitled to vote." "Profits shall be divided as follows: (1) After deducting all expenses, interest, at the rate of twelve per cent. shall be paid on share capital. (2) Members shall receive the full dividend on cash purchases—one-half the dividend to members taking not more than thirty days' credit for their purchases, and one-half the dividend to known non-members on their cash purchases." Just what this section provides I am unable to decide. Practically it has made but little difference, as no dividends have been declared at all, but the surplus above the twelve per cent. interest has been allowed to accumulate as a reserve fund, which now amounts to more than $10,000. Beginning with December 1st, 1886, the company proposes to declare dividends "in order to stop the continual increase in the value of shares."

The seventh semi-annual statement is as follows:

Goods to the amount of	$18,073 91
Fixed stock to the amount of	959 90
Real estate to the amount of	11,700 00
Open accounts to the amount of	10,868 13
Notes in our favor to the amount of	2,558 50
Money in safe December 1 to the amount of	166 50
Total assets	$44,326 94

Amount of capital stock taken to date.....	$7,820 00
The corporation is worth to-day, independently of all debts and capital stock.....	10,131 09
Total worth of Association.....	$17,951 09

This instance of success at the far west shows that even in a new country coöperation may be employed to advantage, for where rates of interest and wages are high, profits are also high. The influence of the example of the Laramie Coöperative Association can be directly traced in the establishment of some half-dozen enterprises of a similar nature, all at the West. Two of these are in Wyoming, one at Evanston and another at Carbon; one at Eagle Rock, Idaho; another at Denver, Colorado; and two in Kansas, one at Ellis, the other at Leavenworth; still another is talked of at Green River, Wyoming. All of these enterprises were begun during 1885 or 1886. Of these the Colorado Coöperative Mercantile Association, of Denver, has been most immediately successful.

Productive Coöperation.

The laboring classes of this country have been quick to see the limitations of distributive coöperation, and to a hitherto unprecedented extent are turning their energies to the more difficult task of coöperative production. In over twenty industries attempts are now being made to introduce this form of organization. The list given below will best serve to indicate the industrial and geographical distribution of these enterprises :

1. Coöperative Baking Powder Co., Elkhart. Ind.
2. Coöperative Box Factory, Cincinnati, Ohio.
3. National K. of L. Coöperative Broom Co., Cincinnnati, Ohio.
4. Carpentering :
   - *a.* Carpenters' Coöperative Association, Decatur, Ill.
   - *b.* Coöperative Sash and Blind Factory, Rushville, Ind.
5. Clothing Factories :
   - *a.* Our Girls' Coöperative Clothing Manufacturing Co., 158 N. Market street, Chicago, Ill.

b. Manufacturing Tailoring Co., of Chicago, Ill.
c. Martha Washington Coöperative Overall and Knit Work Association, Indianapolis, Ind.

6. Coopers' Coöperative Association, Detroit, Mich.
7. Expressmen, Detroit, Mich.
8. Foundrymen's Coöperative Manufacturing Co., Chicago, Ill.
9. Furniture Workers:
   a. Coöperative Reed Chair Factory, Michigan City, Ind.
   b. Mechanics' Furniture Association, St. Louis, Mo.
   c. Central Furniture Co., St. Louis, Mo.
   d. Furniture Workers' Association, St. Louis, Mo.
   e. Coöperative Furniture Co., Cincinnati, Ohio.
10. Coöperative Match Factory, Indianapolis, Ind.
11. Mining:
   a. Coöperative Coal Co., Bloomington Ill.
   b. Coöperative Mining Co., Fairbury, Ill.
   c. Coöperative Coal Co., Peoria, Ill.
   d. Union Mining Co., Cannelburg, Ind.
   e. Coöperative Mining Co., Fontanet, Ind.
   f. Coöperative Mining Co., Huntsville, Mo.,
   g. Summit Coöperative Coal and Mining Co., Macon, Mo.
12. Nail Mills:
   a. Steubenville, Ohio.
   b. Iron and Steel Nail Works, Belleville, Ill.
   c. Wellston, Ohio.
13. Coöperative Packing and Provision Co., Chicago, Ill.
14. Coöperative Corn-Cob Pipe Co., St. Charles, Mo.
15. Planing Mills:
   a. East Side Planing Mill, Kansas City, Mo.
   b. Mechanics' Planing Mill, St. Louis, Mo.
16. Pottery Works:
   a. Potters' Coöperative Co., East Liverpool, Ohio.
   b. Standard Coöperative Pottery Co., East Liverpool, Ohio.
   c. Ohio Valley Coöperative Pottery Co., Tiltonville, Ohio.
17. Publishing Companies:
   a. Publishers of the *Knights of Labor*, Chicago, Ill.
   b. Coöperative Publishing Co., Scandia, Kan.
   c. Publishers *Trades-Union*, Atchison Kan.
   d. Publishers Daily *Evening Star*, Bay City, Mich.
   e. Publishers *Industrial News*, Toledo, Ohio.
18. Boot and Shoe Coöperative Association, Detroit, Mich.

19. Soap Works.
    a. Assemblies Coöperative Soap Co., Toledo, Ohio.
    b. Knights of Labor Coöperative Soap Co., Chicago, Ill.
20. Stove Works:
    a. Coöperative Co., Bloomington, Ill.
    b. Western Stove Works, Peoria, Ill.
    c. Western Stove Manufacturing Co., St. Louis, Mo.
    d. Coöperative Stove Co., Cleveland, Ohio.
21. Coöperative Tile Co., Cable, Ill.
22. Tobacco Factories:
    a. Coöperative Cigar Factory, Lafayette, Ind.
    b. Coöperative Cigar Co., Delaware, Ohio.

In the foregoing list I have included a few companies that are already dead, but concerning these certain facts have been obtained that seem to be of importance, and all of them will be mentioned. Some may have died since my information concerning them was obtained, but no company has been included in the list except such as appeared to have a recent history worth knowing, and most of them are living and said to be prosperous. The more important among them will be briefly noticed.

Mining Companies—(1). In 1883 certain men at work for the Buckeye Mining Company, of Cannelburg, Indiana, joined L. A. 1436 of the K. of L., and were in consequence discharged. They had credit enough to enable them to borrow $2,000, with which they leased land near the Buckeye works and sunk a shaft. To meet their notes when maturing they appealed for help to the order of the K. of L., and March 3d, 1884, the Executive Board issued a circular stating their case and enthusiastically pleading their cause. Powderly, at that time less experienced and more hopeful than since, wrote as follows:

"Can anything be done for our Cannelburg brothers? If no other plan presents itself, levy an assessment or issue an appeal—anything to preserve them. The money is well invested; really it is the first sensible move that has been put into practical operation. These men are locked out, and instead of sitting down and sucking

their thumbs in idleness, awaiting assistance from the order, they go to work and flank the enemy by entering into competition with him. Let them have the Assistance fund, the Coöperative fund—only don't let them fail. It will be the biggest card for the order we ever played. Count on my entire and hearty coöperation in anything you may do for them."

The $2,000 needed for immediate use was advanced by L. A. 300, composed of glass-workers, who had been helped by the order to a successful issue in a strike not long before. The general Executive Board of the K. of L. was incorporated as the Union Mining Company, of Cannelburg, Indiana. Ten thousand dollars was raised by the issuing of two thousand debentures of five dollars each, which were taken by individuals or assemblies. It was decided that from the proceeds of the mine were to be paid, (1) current wages to laborers; (2) incidental expenses, and (3) five per cent. interest to debenture holders. If there should be any profits remaining they were to be divided so that ten per cent. should go to the general coöperative fund, ten per cent. to the sinking fund for the purchase of debentures when they should be offered, three per cent. to the local educational fund, and seventy-seven per cent. to be divided equally between labor and capital, "in proportion to value of investment." Plans were made for laying off the land into small lots and selling these to the men on easy terms for homes. A coöperative store was to be started which should save the laborer from the necessity of trading at the old Buckeye "pluck me," and everything seemed to promise immediate success.

When everything was ready to begin operations it was found that those concerned had been reckoning without their—railroad. A switch had been built from the railroad to the mine, but though the general manager of the road—Mr. Peabody, of the Ohio and Mississippi—made repeated promises to have it connected with the main track, the work still remained undone. Thus, having invested over $12,000 in the affair, the Knights found themselves unable to ship a ton of coal, because the old Buckeye company had influ-

ence enough to make a common carrier violate its trust. Even were the switch connected with the main track, it was certain that the road would discriminate against the coöperators. To enforce their rights in the courts was a proceeding far too costly to be undertaken by those who had strained every nerve to make the necessary improvements at the mine. Nothing remained but to sell out for what could be got. The details of closing up the affairs of the company I do not know.

2. At Fairbury, Illinois, there was a strike of miners in the spring of 1886. They sunk a shaft and began taking out coal for themselves, and secured most of the local trade. The railroad company refused to lay a side track to the mine. The men were afraid to go to the expense of laying a track themselves, lest after it was finished the company should refuse to haul the coal, or rather should refuse to furnish cars for hauling it. "The courts have decided that while a railroad may be compelled to haul freight, it cannot be compelled to furnish cars." Such failures as the above are obviously gratuitous. It is cases like these that cause the labor papers to insist that justice is becoming a luxury which the poor cannot afford.

3. The Coöperative Mining Company of Fatanet, Indiana, went to pieces, after a general and acrimonious quarrel among its members. Liabilities $10,000; assets not mentioned.

4. At Huntsville, Missouri, the largest mine in the place was deserted for five months in consequence of a strike. At last an arrangement was made by which the miners took entire control of the mine, using the company's machinery, and paying to the company a royalty of one cent per bushel. All over this belongs to the miners, and is used to meet running expenses, the net profit being then divided among the men.

5. At Peoria, Illinois, the Coöperative Coal Company is said to have a capital of $20,000 and to be prospering.

6. Two of the mining companies seem to be conspicuously successful. One of these is located at Bloomington, Illinois. It was incorporated July 18, 1885, with a nominal capital of $30,000. Like most of the other attempts of the kind, it originated in dissatisfaction with the wages and treatment received from an established company. After the enterprise was begun the men interested still kept on at their work, and the old company kept intensifying their earnestness by getting larger mine cars and docking them more and more for the slack contained in the coal. When the first load of coal was drawn from the new shaft that the coöperative company had sunk, there was great rejoicing, and this first load was repeatedly auctioned off, bringing in all five hundred and five dollars.

The shares of the company are one hundred dollars each, and it is simply a common joint-stock concern; but the thirty shares are held by twenty-two persons, all of whom work in and about the mine, with the exception of one or two merchants, who bought stock to obtain the good-will of the miners.

7. The Summit Coöperative Coal and Mining Company, operating mines near Bevier, Macon county, Mo., was incorporated in July, 1885. The immediate cause was a strike against the employment of negro labor by the old company. The capital stock is $5,000 in ten-dollar shares, which are held by one hundred and fifty persons, and is nearly all paid in. The company holds the lease of two mines, giving claim to four hundred and fifty acres of coal, one hundred and thirty acres of land and thirty-six tenement houses. The royalty for the first year is remitted. Work is plentiful and wages high in winter, but at this time the profits are also greatest, even considering the high wages. There is work for two hundred and fifty men in winter and for only one hundred and forty in summer. The members of the company therefore expect to provide constant work for themselves, and also to make a certain amount of profit from that done by the "transients" between October and April.

The men, whether shareholders or not, are to submit to a five per cent. reduction from their nominal wages, which is to be added to the profits of the company. No profits are to be divided until the company shall have a surplus of net profits to the amount of $12,000. The division of profits is left to the board of directors, and non-shareholding laborers are to receive "an equitable dividend in proportion to the amount of wages earned." No person can own more than ten shares. The value of the annual product is about $85,000. The company farmed some of their land during the last year, and expect to make some brick, put up a store, and build additional tenement-houses as soon as possible. Relations with the railroads are thus far very satisfactory, and coal dealers in a place as distant as Atchison, Kansas, find it profitable to advertise in the labor papers that they keep the "Bevier coöperative coal."

Furniture Makers.[1]—1. In 1878 a company of strikers organized the St. Louis Furniture Workers' Association, and began what has proved a prosperous career. The amount of capital at the present time I have not learned, and have no means of judging except from the statement that the shares are twenty-five dollars each, and that there are two hundred and eighty shareholders. Of the shareholders ninety-six are laborers, and since February 1st, 1886, they have given up ten per cent. of their wages to form a fund for buying in the outside shares. No person can hold more than twenty shares. Wages are regulated by committees appointed for the purpose. Part of the men are paid by the week at from twelve to fifteen dollars per week, and the piece-workers receive what are considered fair wages. Profits remained undivided till 1884, when a dividend was declared and paid in stock. The stock is now all taken.

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[1] For the facts regarding this and some other St. Louis enterprises, I am indebted to an article which appeared in the *Age of Steel*, about a year ago.

2. The Central Furniture Company, also of St. Louis, began operations in 1881. The capital stock is $30,000, which is all paid up. The shares are one hundred dollars each, and the number which can be held by one person is not limited; the stock is held by some fifty persons, about four-fifths of whom are at work for the company. In 1882, at the end of the first year's business, a possible six per cent. dividend was carried to the reserve fund; in 1883 a dividend of forty-five per cent. was declared, but only thirty-five per cent. was made payable, and this in stock; in 1884 a twenty per cent. dividend was declared, five per cent. of which was paid in cash, and the rest in stock; in 1885 the dividend was passed.

3. A third enterprise of this kind, also of St. Louis, is the Mechanics' Furniture Association, which began business in March, 1885. The capital stock is $25,000, half paid in. The shares are fifty dollars each, and those that have been taken are held by one hundred and fifty persons, sixty-five or seventy of whom are workers. Nine directors have general control of the wages; three trustees look after the financial part of the concern, but the president has power to make purchases and sales. Ten per cent. of the wages will be held back, and stock dividends declared till the shares are all taken.

4. The Coöperative Furniture Company, of Cincinnati, Ohio, was incorporated July 13th, 1886, and began work on the 25th of the following October. The immediate cause of the formation of the company was the failure of the "eight-hour strike." The capital stock is $50,000, divided into shares of $100 each; the members of the company must each hold the same number of shares. At the last of January, 1887, $34,500 of stock was taken, which was held by sixty-nine persons. The last six purchasers of stock have paid twenty-five dollars premium ont heir shares, which, if I understand my informant correctly, means a premium of five dollars per share. There are fifty-one men employed,

all of whom own stock. Profits are to be divided equally among shareholders. Their opinion is that what is called distinctively "profit-sharing" is "a good scheme for the manufacturer," an idea which is rather common with the more radical of the thinkers among laborers.

5. The Coöperative Reed Chair Factory, of Michigan City, Ind., was organized August 14th, 1886. The old factory decided to use convict labor, and so the men began on their own account. The nominal capital is $50,000, in five-dollar shares; the value of the annual product will be about $25,000. There are at present five hundred shareholders. The company employs forty-two men, of whom all but eight are shareholders, and these eight are all minors. Profits are divided in proportion to the amount of stock held. Henry Bird, the secretary of the company, has had some twenty years' experience in labor organizations, and looks forward to "universal coöperation" as possibly to be attained in three or four generations. Ignorance and jealousy he finds the greatest drawbacks.

Planing Mills.—1. The Mechanics' Planing Mill Company, St. Louis, Mo., began business in 1874 with a nominal capital of $50,000, but with a supply of available cash amounting only to $10,000. The concern is only slightly coöperative in practice, and not at all so organically. The transferable shares are of the value of $500, and were issued to outside parties or workers, for cash or scrip—the latter representing unpaid wages. There were at first twenty-five or thirty stockholders, about three-fourths of whom were laborers. The officers make purchases and sales, but a board of directors fixes the amount of wages. For a long time the company was very much embarrassed by lack of adequate capital. A book-keeper of the early time says that on pay-day he was compelled to settle first with non-shareholders, and then pay the members of the company only just as much as he thought they had to have to prevent starvation. The shareholders, who were also workers,

were mainly Germans; they grumbled at this sort of treatment, but submitted. The company was at one time refused ten feet of belting because the cash did not accompany the order. In the second year a fire caused a loss of $8,000; they managed to get lumber on credit, and the stockholders put up the building. After this they began to conquer success, and in 1884 the stock was all taken. They now have an undivided surplus of $35,000, and the shares are worth double their face value. Dividends have usually been ten per cent. The wages paid for piece work are usually a trifle higher than are paid elsewhere in the city.

2. The East Side Planing Mill, of Kansas City, Missouri, though spoken of as coöperative, is really a profit-sharing enterprise, and one where the latter principle has only recently been introduced.

CARPENTERING.—1. The Carpenters' Coöperative Association, of Decatur, Ill., was incorporated October 17th, 1885. Stock is $5,000, in ten-dollar shares, held, or at least subscribed for, by eighteen persons. Profits are divided on basis of stock owned, but the association aims to pay a little better wages than competing firms. Twenty-three thousand dollars' worth of work was done during the first quarter, and from repeated notices in the labor press, it may be inferred that the association is still prosperous.

2. Of the nature of the Coöperative Sash and Blind Factory, at Rushville, Ind., I have not been able to learn definitely.

STOVE WORKS.—1. The Cleveland Coöperative Stove Company is a large institution, and one long established. It was incorporated in 1867, and was for some time thoroughly coöperative, profits being divided with the laborers. A long and gallant fight was made, but under this management it was found that not enough capital could be secured. The works were practically closed for two years, and when work was resumed the company was an ordinary joint stock

concern, except that a good deal of the stock was held by employés. The capital is $250,000, in shares of one hundred dollars each. Of the three hundred and fifty men employed, about ninety are shareholders. The value of the annual product is about $400,000. Profits are now divided on the basis only of stock held. A branch house is established at St. Louis. The experience of this company is of use as giving an obvious and concrete example of the rule that capital must be allowed a sufficient return, or it will not be used to provide for the laborer the means of laboring.

2. The Coöperative Stove Company, of Bloomington, Illinois, was incorporated in June, 1886. A strike preceded its formation, caused partly by low wages and partly by the persistence of the old company in the method of putting on a large force, doing a year's work in six or seven months, and then discharging the men for the remainder of the year. The capital stock is $12,000 in $10 shares, this being the smallest share which the laws of Illinois allow. There are forty shareholders, and no one is allowed to hold more than one hundred shares. A circular appeal was issued to the assemblies of the Knights of Labor, and various local and district assemblies together subscribed for $4,000 of stock. Profits are divided according to amount of stock held, but as long as all the stock is not taken any of the men at work for the company can join it.

3. Of the two other companies, I know little more than that they are reported to exist.

Pottery and Tile Works.—1. The Standard Coöperative Pottery Company, of East Liverpool, Ohio, was incorporated August 18, 1886. A favorable opportunity offered at that time for purchasing the works that the company now owns, and the men organized to take advantage of this opportunity, the object being, as stated by one of the men, to secure to the workers the profits, if there were any, of the business, and at any rate to provide steady work for the stockholders. The capital stock is $20,000 in forty shares,

which are held by thirty-four persons. No person can hold more than two shares, and each stockholder has but one vote. Fifty-four men are employed, of whom twenty-six are shareholders. The value of the annual product, in case the works are run the full fifty-two weeks, is $70,000. The company manufacture iron-stone china and decorated ware, and are doing a good business at present. They do not expect to realize any profits before the end of 1887, as it is found expensive to get the product into new markets.

2. The Ohio Valley Coöperative Pottery Co., "manufacturers of Rockingham and yellow-ware, terra cotta hanging baskets, flower-pots, etc.," was organized on November 18, 1885. The paid-up capital is $4,000, held by twenty-six individuals. The number of men employed is sixteen to eighteen, of whom perhaps a majority do not own stock or share in profits.

3. The Coöperative Tile Company, of Cable, Illinois, was organized in March, 1886, after the feasibility of such an undertaking had been discussed at length in the local assembly of the Knights of Labor. The capital stock is $4,000, in shares of fifteen dollars each, and is held by twenty-three persons. The value of the annual product is estimated at $15,000. Eighteen laborers are employed, of whom all but four own stock, and these can receive stock in exchange for labor if they choose. Profits are divided on the basis of capital invested. No member is allowed to hold more than twelve shares, or if he does so they secure him no additional votes. Most questions are settled by the wishes of the majority of members, but when issue is made a member holding twelve shares can demand twelve votes. The secretary writes that most of the opposition to the enterprise has come from laborers not connected with it, who are jealous and suspicious of the undertaking. Lack of sufficient capital has also hindered the development of the business, but orders are said to be plentiful and prospects bright.

CLOTHING FACTORIES.—1. Our Girls' Coöperative Clothing Manufacturing Company has received especial encouragement from the labor papers and the various asssemblies. The girls comprising the company were locked out for taking part in the labor parade of September 6, though they had supposed that their employer had consented to their doing so. "Being afterwards blacklisted, it became a question of coöperation or starve," The ten-dollar shares have been liberally subscribed for by the Knights, and the company seems likely to get started. It is the intention to fit up a room with twenty or thirty machines and take work from the large manufacturers of ready-made clothing, thus doing away with the sub-contractors.

2. By far the most tastefully printed copy of by-laws and constitution as yet received from any coöperative enterprise, bears upon the cover the initials, M. W. C. A. Being interpreted, these letters signify Martha Washington Coöperative Association, which organized for the manufacture of overalls, shirts and knit goods. The nominal capital is $10,000, in five-dollar shares. None but members are to be employed; ordinary wages are paid. Ten per cent. of profits are to go to a reserve fund, and the rest to be shared in monthly dividends among the workers, in proportion to the amount of work done. "Stockholders not sewing" are to receive six per cent. on the investment after the first year. All the officers are women.

OTHER INDUSTRIES.—1. The Boot and Shoe Coöperative Association, of Detroit, was organized in September, 1885. It has had to fight hard for each month of existence from that time to this. Of the $50,000 of nominal capital, only $1,800 has been paid in. It is thoroughly coöperative.

2. There seems to be nothing substantial under all the talk of those who have the Chicago Coöperative Packing and Provision Company in the process of alleged creation. A very conspicuous advertisement in the *Knights of Labor* of

December 18, 1886, announced that $30,000 of the capital stock of $500,000 was already subscribed. The same advertisement announced that "the business will be capably and economically managed without risks, and depending on regular profits through a continuous chain of interstate union markets. The establishment will employ union labor only, and run on the eight-hour plan." An editorial in the same paper told of an offer to the company, made by the citizens of Iowa City, to pay a cash bonus of $20,000, besides various local facilities for beginning business, worth "at least" $30,000 more, if the company would locate their works at that place.

3. Of the other companies enumerated above, it will hardly be worth while to speak. Of some of them I know almost nothing, except that they are said to exist, and that they claim to be coöperative. The publishing companies have been especially uncommunicative, none of them finding it possible to answer letters of inquiry concerning their organization and methods of operation. Some of them, there is good reason to believe, are merely companies of two or three printers who had money enough between them to start a paper, and called the company coöperative because anything so called is now popular with laborers. Of some of the enterprises there are at hand statements as complete as many of those already given, but it seems useless to extend further the accounts of half-formed and wholly inexperienced companies.

Points Ommitted—Conclusions.

In the foregoing survey no mention is made of communistic societies, except as they may have originated in what is known as "labor agitation." Neither has any attempt been made to obtain the facts relative to the numerous and prosperous "building associations." Drs. Straw and Bemis have described with sufficient fullness their methods and influence.

As for collecting and tabulating the concrete results achieved in the middle West by these associations, it can only be said, that while such a summary would have some value, yet it is not possible for a single individual to compile it for so large an area. Laws requiring annual reports to some state official, and the work of the state bureaus of labor statistics, might render the facts accessible. Insurance companies, claiming to operate on a "coöperative" or "mutual" plan, are to be found all over the country, and differ scarcely at all in aims or management from those that have seen fit to choose other words "to conjure with" in the writing out of their advertisements. Profit-sharing is a form of coöperation much commended by many writers on these topics. I have learned of ten or fifteen establishments in the middle West where practical attempts in this direction have been made, but they are so entirely tentative that any detailed statement would be of little use. Mr. N. O. Nelson, of the Nelson Manufacturing Company of St. Louis, has recently published a pamphlet on the subject, in which he tells of the experience of himself and others in this direction, and gives his conclusions as to the efficacy of this method of solving some of the industrial problems of the time.

The causes that now retard the development of the coöperative element in our industrial organization may be given under six heads, and these can in turn be grouped by pairs in three classes. The first two are external and adventitious, the second two are inherent in the character of the individual coöperators, and the third two are inherent in the nature of coöperative enterprises.

1. A serious drawback is the want of proper legislation, which has been previously mentioned while discussing coöperation among farmers. A bill is now before the Illinois Legislature to make possible the incorporation of coöperative companies, but its provisions are so general as to be nearly worthless. Experience has proved that careful, definite,

circumstantial legislation is to successful coöperation not an impediment but a help, not a restraint but a guide.

2. A general organization to embrace all coöperative enterprises is much needed. The Knights of Labor have attempted much in this direction and accomplished little as yet. What is called the American Coöperative Union was organized toward the end of 1886 in Ohio. William Gossage, of Mount Vernon, Ohio, is the "governor general," and the central office is located at Janesville, in the same state. It seems to have had a purely local origin, but aims "to combine in one grand union all beneficiary, trades unions, educational, religious, supply, distributive, productive, building and banking companies, societies, or associations of whatever name or nature, in order to bring about complete coöperation through the interwoven interests of all." The aims are certainly comprehensive and the effort commendable, but a reading of the constitution, wherein poetry is quoted, and grammar is used as bad as that just given, leads one to doubt if the union can be successful. It seems altogether likely that some of the attempts in this direction now being made in the East will result in the formation of a society or societies that can extend west, as fast as there are established coöperative companies to be benefited thereby. The coöperative fair at Cincinnati proves the desire for inter-communication and the possibility of it. Elaborate attempts like that of the "American Union" and the Cincinnati "Distributive Association" can only serve as evidences of the American tendency to lay the cap-stone before the foundation.

3. The checks upon the extension of coöperation that result from bad morals are very obvious, and have been often enough insisted on. It is because good morals are so essential to successful coöperation that coöperation, where possible, is such an efficient aid in the development of better morality.

4. Lack of intelligence is another obstacle which can be hardly overcome, except by removing it. The intellectual faculty which is most important to a coöperator, is the power to estimate correctly his own capacity and that of his coadjutors, in order that he may choose leaders wisely, and submit to them willingly. The weakest point in the thinking of laborers and in the arguments of labor leaders, is that they cannot manage to appreciate the economic value of brains. The greatest desideratum in the economic discussions of the present time is a unit of brain power.

5. This brings us to the inherent defect of the coöperative form of industrial organization, which is, that under this form the highest prices cannot be offered, either to capital or to managerial ability. As regards capital, this fact is not of great moment, as lenders do not insist on very high interest, if only its payment be certain. It is only while enterprises are new that capital demands high rates, as insurance against loss.

6. That coöperative companies have, as yet, found no way to pay the highest rates for brain power, is a more serious matter. Francis A. Walker has carefully differentiated profits from insurance against loss, and from interest on capital, and thinks that they are determined by a law analagous to that of rent. He says that there is a no-profits class of *entrepreneurs*; that is, of managers who get for the work of superintendence no more than other laborers do for performing other work. Now, if a manager, who produces for the same market as does one of this no-profits class, can so organize the industrial forces that he controls as to produce more cheaply, it is evident that the difference in the cost of production at the two establishments will measure the amount of profits accruing to the better manager. This likening profits to rent leads us again to consider the capacity for affecting economic production resident in the brain of man—or perhaps we should rather say, in the non-physical part of man. As a fertile field produces for its owner a surplus over and above the amount of labor

expended, so a "fertile brain" will produce for the lucky *entrepreneur* that owns it a surplus of profit to which no other man can have a claim. It may be further noticed that in the cultivation of brain power there has been found no fixed law of diminishing returns. While the supply of land is limited, and its fertility capable of exhaustion, the supply of brain power is apparently limitless, and its improvability unmeasured.

Walker speaks always as though it were the ability of a single manager that had an influence on profits, but that basis is surely too narrow. Instead of "a no-profits class of *entrepreneurs*," it would be more in accordance with facts to speak of "a no-profits class of establishments." Doubtless the ability of the chief manager is the most important factor in determining whether or not there shall be any profits at all, but it is not the only one. So long as there is in any person connected with a given establishment—whether he be the superintendent or not—the capacity to earn by diligence, or economy, or intelligence, more than his wages, that person has within himself the power to influence the amount of profits to be made. The success of any manager must depend very largely on the class of men he is able to secure. The combined abilities of the manager and the men will determine the place in the industrial scale of a given establishment, and so the amount of profits it can make. Production will be cheapest where the energies of all concerned are stimulated to the utmost possible limit of continuous achievement. The inherent weakness of coöperative enterprises, *as usually conducted,* is that profits are so divided that they fail to secure the best managers, or the best energies of the managers secured; their inherent strength is in the fact that they can secure the most faithful and intelligent laborers, and can offer them inducements to labor with a maximum of fidelity and intelligence. The relative importance of these two factors in the cost of production in a given industry is a guide to the probability of successful coöperation therein.

CHAPTER III.

COÖPERATION AMONG MORMONS.

A recent pamphlet of about a hundred pages bears the following title: "Social Problems of To-day, or the Mormon Question in its Economic Aspects; a Study of Coöperation and Arbitration in Mormondom, from the Standpoint of a Wage-worker." The author, who uses the *nom de plume* of "A Gentile," is Dyer D. Lum, now of Chicago, and prominent in labor agitation there. He was for a time a United States official in Utah, and wrote a previous pamphlet on "Utah and its People." His last work has been extensively reviewed by the labor press, and has met with much favor at the hands of the more radical. By Lum, as by many writers of his class, coöperation is used in the broad sense of association. The great work of compelling a desert not only to blossom as the rose, but to produce over fifty bushels of wheat to the acre, he includes in the results of what he calls coöperation. One sort of coöperation this certainly is, and its claim to consideration in such a study as this will be examined later on. But, apart from such a form of industrial achievement, the Mormons have built up a mammoth mercantile enterprise which is called coöperative, and by its name challenges the investigation of its claim to be so called.

"ZION'S COÖPERATIVE MERCANTILE INSTITUTION."[1]

The great commercial enterprise, which is usually referred to as the Z. C. M. I., was undertaken in 1868. The prices for ordinary commodities, such as merchants usually handle,

[1]My sources for this part of the monograph are mainly these: (1) Lum's pamphlet, already mentioned; (2) A file of the *Z. C. M. I. Advocate and Commercial Register* for 1886; (3) A lengthy statement sent me by H. W. Naisbitt, editor of the *Advocate*; (4) A copy

were as exorbitant in Utah as in most western communities, and one object—and the main one which was urged by Brigham Young for the establishment of the "institution"—was to give consumers cheaper rates. Speculation was active. "Wheat that was bought in one place for seventy-five cents per bushel, was sold in isolated mining camps for twenty-five dollars per hundred-weight."[1] "In 1864 merchants had risen to opulence. Commerce was gradually but surely throwing all money to a few hands."

"Early in 1868 the merchants were startled by the announcement 'that it was advisable that the *people* of Utah Territory should become their own merchants,' and that an organization should be created for them expressly for importing and distributing merchandise on a comprehensive plan. Although in the prosecution of this work the church was threatened with a formidable schism, Brigham Young never faltered; it was an economic rather than a religious heresy he had to confront. In Mormon society the two elements of organization—the social and the religious—have ever been combined, and it was to prevent their threatened divorce that this step became necessary.

"In October, 1868, President Young called a meeting of the merchants, and it was then and there determined to adopt a general coöperative plan throughout the territory. The late Mr. Jennings, one of the largest merchants, and perhaps one of the wealthiest men in Utah, rented his store to a coöperative association for five years. The people possessed the genius of coöperation and Brigham Young possessed the *will*, while around him there was a small circle of men who, for commercial energy and honor, instincts for great enterprises, and financial capacity generally, would be esteemed as preëminent in any commercial emporium in the world.

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of the "Agreement, Order, Certificate of Incorporation and By-Laws of the Z. C. M. I.;" (5) Answers at length to questions asked of Hon. John T. Caine, Territorial delegate from Utah; and (6) Correspondence with various "gentile" observers of the operations of the great "Institution." With only such sources as these, it is evidently not possible for one so far away to make an exhaustive study of such an enterprise; but if all statements of fact are carefully credited to the proper authorities, the incompleteness of a preliminary study need not mislead.

[1]So. Prob. of To-day, p. 10.

The policy which had been wisely and considerately pursued in purchasing the stocks of existing firms, or receiving them as investments at just rates, shielded from embarrassment those who otherwise would have inevitably suffered from the inauguration and prestige of the new organization. Simultaneously with the framing of the parent institution, local organizations were formed in most of the settlements of the territory, each drawing its supplies mainly from the one central depot. The people, with great unanimity, became shareholders in their respective local 'coöps,' and also in the parent institution, 'Zion's Coöperative Mercantile Institution.' Thus, almost in a day, was effected a great reconstruction of the commercial relations and methods of an entire community, which fitted the purposes of the times and preserved the temporal unity of the Mormon people, as well as creating for them a mighty financial bulwark."[1]

Besides the object of reducing prices and uniting interests, there was also the influence in the minds of the originators of the plan of the idea of developing home industries. "It is evident that with but one importing house in the hands of the country's friends, struggling industries could be aided by partial, if not absolute, non-importation; but multiplying importers, particularly self-interested ones, would nullify our theory—the fostering of local industries."[2]

In reply to my questions as to the number of shareholders at various times, and the maximum, minimum and average amount of stock held by each, Mr. Caine replies thus guardedly:

"It may be said the number of stockholders was never so numerous as desirable, but that in commencing this system many conditions had to be taken into account. There were already many merchants in Salt Lake City and Utah Territory, who were freely consulted, and with great unanimity they became investors, many of them selling out their entire stock to the new coöperative organization. These sales not only gave goods, but buildings also, which could not otherwise have been obtained, so that organization and a beginning in trade were almost simultaneous. Payment for the goods in excess of investment by the retiring merchants was made

[1]So. Prob. of To-day, pp. 10, 11, and Naisbitt writes to the same purpose.

[2]John T. Caine.

with that celerity which was contingent upon the establishment of credit in the regular, though then distant marts of our country. The first stockholders were of every grade, from the holders of a single share of $100 or less, to holders of larger amounts, $75,000, $50,000, $25,000 and $10,000, by merchants and prominent men, who, at the solicitation of the late president, Brigham Young, furnished these several amounts. He himself was a large stockholder. Originally the stockholders were all members of the Mormon church, and the majority are now so; but some few shares of stock are occasionally placed in the open market. . . . . The intention of this organization was that it should be the supreme importing house of the people for the territory, and that auxiliaries of local organization, for distribution, should be formed in every colony or settlement. This barred many, in those days of limited means, from identifying themselves with the parent institution, as their little surplus was needed in the local organization; so that while the stockholders in the Z. C. M. I. might never have exceeded a thousand, large numbers were everywhere committed to that policy which meant self-defense, low prices, and, to the Mormon, the education in business directions of great numbers who, as directors, buyers and salesmen, have attended to this coöperative business, and thus preserved, in great measure, the Territory from being overrun with speculators and adventurers."

The scope of the business done may be judged from the following extract from the full page advertisement of the institution: "Among our leading departments are groceries, hardware, metals, stoves, tinware, crockery, glassware, dry goods, notions, clothing, carpets, boots, shoes, shoe-findings, stationery and drugs, continually replenished with the most choice goods from the markets of the world."[1]

As to the financial success of the institution there can be no possible question. Its stock, to the amount of $1,000,000, has been maintained at par. Its annual sales now reach a figure somewhere between four and five millions, its pay roll averages $20,000 per month, and the freight bill is nearly $300,000 per annum. Since beginning business in March, 1869, it has paid dividends to the amount of $1,270,415.86.[2]

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[1] *Z. C. M. I. Advocate*, November 15, 1886.
[2] John T. Caine.

The following is the official statement for the fiscal half year ending July 31, 1886:[1]

RESOURCES.

Mdse. on hand	$	995,917 51
Notes receivable		180,682 74
Accounts receivable		261,322 38
Cash on hand		26,639 10
Real estate in Salt Lake City, Ogden, Logan, Soda Sp'gs and Provo		240,846 66
Machinery at shoe and clothing factories and tannery.		33,400 00
17 horses, 2 Mules, 16 wagons, 10 sets of harness, 10 tons of oats, and 4 tons of hay		2,311 00
Provo Manuf. Stock		291,40
		$1,744,410 79

LIABILITIES.

Bills payable	$	446,710 62
Accounts payable		18,361 34
Unpaid dividends		4,275 99
Temporary deposits by customers		3,415 65
Outstanding orders drawn on us for mdse. at retail		1,046 57
Capital stock		999,877 71
Reserves		184,015 30
Undivided profits		86,667 61
		$1,744,410 79

The places where the Z. C. M. I. owns real estate mark each the location of a large and prosperous branch house, and the statement also indicates the productive undertakings that have been started directly by the parent institution.

The *Advocate,* after giving this statement, adds: "From the undivided profits mentioned above a dividend will be paid of 5 per cent., as usual; the balance goes to the reserve fund.

"At the annual election, held at the Social Hall on the 5th inst., the old officers and directors were re-elected."

One who is an enemy of the Mormons, and denies that

[1] *Z. C. M. I. Advocate,* October 15, 1886. There is a mistake of $40 in adding the liabilities column of this statement.

the Z. C. M. I. is in any sense coöperative, would point to this last sentence as an evidence of the fact that the great institution is but one of the means by which the Mormon hierarchy holds in subjection the Mormon people. "The profits of it are the prophet's," says Benjamin F. Taylor, and there are many who hold that its amazing success is no more an example of what free industrial coöperation can do than was the building of the pyramids. Gentile correspondents write that in the upbuilding of this institution the Mormon people have been merely "dumb, driven cattle." "The Z. C. M. I. was originally organized to keep out the trading gentile, and bind all the people together in trading interests by giving them an interest in their church stores. The Mormon theory of coöperation looks well on paper, but in practice it is exactly the reverse of what it pretends to be."[1]

Even "on paper," it can be shown that the institution is an ordinary joint-stock corporation, and that its offices have been filled by the same men that filled the offices of the Mormon Church. Brigham Young was its first president, and John Taylor was his successor in the position. It is said by many that at first a large number of the people held stock, but that the smaller holders have been "crowded out." When, in 1870, the company was incorporated the stockholders numbered but twenty-one, and of the $199,000 of stock then taken four men held $177,200 worth. These four men, and the number of their respective shares, were as follows: William Jennings, 790 shares; Brigham Young, 772 shares; William H. Hooper, 110 shares; and David Day, 100. Next to these came Brigham Young, Jr., with fifty-three shares. Later on the Mormon Church itself bought largely of the stock—was said to own a third; but in anticipation of the confiscation of church property this has lately been transferred to individuals.

The Mormon urges the claim of the institution to the

[1] J. Brainerd Thrall, of Salt Lake City.

title coöperative, on the grounds that the great corporation has been operated, not in the interests of the stockholders, but of the people. Ten per cent. per annum has been paid to stockholders on capital invested, but that is really not high interest for a western territory; and it is urged that prices have been gauged, not by what could be got for the goods on hand, but by the cost price plus the lowest possible charge for handling. It is claimed again and again that it has never taken advantage of opportunities to charge a monopoly price when there happened to be an inadequate supply of some commodity of which the institution had a large stock on hand. The *Advocate*, the monthly organ of the Z. C. M. I., exhorts the "local coöps" to charge only as much as is really necessary—not in the name of commercial expediency, but in the name of brotherly fairness and loyalty to the church. It is, indeed, from time to time covertly pointed out that expediency and duty indicate the same course, but still the highest note in all the pleading is that of obligation to their neighbors, to the Mormon Church and to the Mormon people. "Many of the local coöperative stores have limited their dividends, retaining a part of the profits made each six months to extend by coöperation industrial and manufacturing facilities, so that furniture, lumber, shoe factories, tanneries, butcher shops, dairies, grist mills and other industries have been inaugurated and built up slowly, but effectually, from the nucleus of the original store. Some of the local stores have retained a half of the surplus exhibited on their inventories from time to time, for the purpose just mentioned, and while there is some danger of an abnormal expansion under enthusiastic directories, the instances of failure are rare indeed."[1]

It is easy to see how a Mormon looks at such "expansion" as resulting in a great benefit to the community, while a hostile critic can see in it nothing but a strengthening and multiplying of the chains that bind the Mormon people.

[1]Caine's statement.

One thing is very obvious, and is insisted on by friends and foes. This is the fact that the Mormon mercantile system is really, though not nominally, dependent upon the larger religious system that makes of the Mormons a peculiar people. "The management of the institution," says Caine, "is essentially democratic as to its semi-annual meetings of stockholders, where all persons give expression to their ideas." Yet he adds: "But the moral, financial, and—it may be said— ecclesiastical character of the directors and leading officers has given such faith in their integrity and experience that but few questions as to management are asked." It will be noticed that, viewed from a commercial standpoint alone, the results of the operations of the Z. C. M. I. have been much the same as those reached by the wholesale coöperative stores of England. The order of development of the local and central establishments is exactly opposite in the two cases.

Other Forms of Mormon Coöperation.

As to the economic bearings of this confidence in leaders in other industries, the statement made by Mr. Caine well expresses the Mormon views of the question, and his words "may as well be quoted as paraphrased:"

"It is beyond question that Utah would have remained a desert, or at least have now been made up of a few straggling ranches, but for the advent of the indomitable 'Mormon' pioneers. They came here by compulsion; that is, they had to get away somewhere from plunder and extermination. Civilization had shut its doors against them, and compelled them to desert lands bought from the government, and homes erected by patient toil, in the intervals of peace, for which they have never received any recompense. Two years' travel brought them here decimated but not destroyed. The land, Indians, crickets and drought were here before them. The few streams, far apart from each other, rushed down canyons untraversed, roadless and bridgeless. These had to be explored, cut through, blasted, graded and cleared; for here in almost inaccessible fastnesses was timber for building and fuel; and water, after intense labor and a struggle now unappreciated, was brought on to the thirsty soil, and thus the scorched deserts were forced to

yield a scanty crop—if crop it could be called. If farms had to be fenced, it could only be done by united efforts—coöperation. If ditches and canals had to be made, no facilities were there but the pick and shovel in the hands of toil; if roads had to be made, each man, and boy, and team worked as though they alone had to reap the benefit. Everything was new; everyone was without experience; but nerved by the needs of personal salvation, by love of wife and children, by dread of famine and death, by the spirit of freedom and faith in God, one foothold after another was made. Everywhere was encountered the same labor, the same difficulties and the same necessities; but emboldened and encouraged by success, these sturdy 'Mormons' persevered until for nearly eight hundred miles north and south, and in numberless quiet valleys east and west, the streams have been diverted, canyons explored and cleared out, until nearly 300,000 of an enterprising and not easily discomfited population fill Utah with sounds of industry and peace. Thousands of miles of canal, and tens of thousands of ditches speak of prodigious labor, and testify to the subtle power of coöperative work. Thus coöperation has given us farms, orchards, homes and population; it has given the people renown for patience, endurance and success; it has testified to moral courage, to industrial unity, to religious influence and faith, and pointed an example whose power is felt throughout the inter-mountain region, on the sunny slopes of the Pacific, on the great plains of Colorado, and in all the region roundabout.

"Our first lumber mills, grist mills and factories, as well as our settlements, were founded on the principles of coöperation that has its base in a religious faith; and now our stores, tanneries, woolen mills, dairies, and cheese factories, our churches, schools, and temples, as well as our ditches and farms, bear witness to the potency of coöperation.

"In regard to irrigating companies,[1] I may say that the institution of monopolies, the selling water rights, and, under the protection of law, the exaction of money for this privilege, are not likely to be multiplied in districts colonized by a 'Mormon' population, who will make their own facilities, creating by labor the water-

[1] I asked Mr. Caine for the points in favor of voluntary coöperation on the part of land-owners in securing water for irrigation, as opposed to the plan of allowing a large company to do the work, and then charging the farmers for the water. The latter plan is much used in Colorado, many of the companies are English, and as nothing can be produced without the water, the demands of the company are apt to be exacting and oppressive.

courses needed, and combining them with the land in such a way that he who is without money is equally eligible to a share of the mountain streams, if his own right arm is only willing to join with that of his neighbors in performing the necessary work."

On this same point Naisbitt says:

"In the colonization of Utah and adjoining territories, where irrigation is essential to successful agriculture, ditches and canals were usually the creation of united effort or coöperation. * * * The original settlers did work on the ditches in proportion to the amount of land they desired to cultivate. Residents coming in afterwards would be called upon to take up shares which would be valued at the labor-cost of the work done per acre. * * * If land was obtained in the district, and settlers increased beyond the water supply of the ditches or canals already made, enlargement has been common, and many of the old coöperators, in order to secure protection in their vested rights, have, under local laws become incorporated; but the instances are rare in Utah where the ditches have been made by companies or individuals who had no interest in the land, but were simply sellers of water privileges. * * * In many cases the ditches have cost as high as fifty or sixty dollars per acre; and one dollar per acre for labor is not an uncommon levy for repairs."

The "gentile" authorities tell of these settlements as being the means by which the Mormons have obtained control of all the valuable land in Utah and large tracts in Nevada, Wyoming, Arizona, New Mexico and Colorado. They say that whenever a new and fertile canyon is discovered, or a watercourse capable of being used in irrigation, the supreme authority—the church—sends out a Mormon bishop with a band of slavish followers, who, under his direction, homestead and pre-empt such land as will command the water supply for the whole tract; and under his direction hold and improve it. That the Mormons, by their system of colonization, have thus obtained command over vast tracts, not only in Utah, but in the commonwealths named, is indisputably true. The only question is as to the "slavishness" of the workers.

Much work on the earlier railroads was done in the same way. "The territory being largely agricultural, and pos-

sessing surplus labor, was in good condition for the work. Much of it was done after seeding, and before harvest; much, also, after harvest and toward winter. * * * * The call was made on the settlements in something like an equitable proportion for a contingent of men and teams."[1]

That all these forms of coöperation are made possible only by the Mormon religion is admitted and affirmed by all. Caine thus concludes his statement of the case:

"The essential elements of coöperation as it exists in Utah cannot be found elsewhere. Nevertheless, in the chapters of our history there are lessons for the sociologist, the political economist, the statesman, the philosopher, and the religionist, separately or combined. The unique experiment of Mormon coöperation, its successes and failures, its present and future, could be best studied on the spot. It is only regrettable that ignorance and prejudice are so combined, that almost none believe that any good can come out of this despised Nazareth of our magnificent country. Our people are not anxious to place themselves under the tyranny of monopolists, particularly if this has to be done at the expense of self-help —the boast of freemen—or of that united help, which supersedes the motto of 'live and let live,' by the more Godlike one, 'live and help live,' which is as much the key to Mormon history in the past as it will be to the triumphant vindication of its principles in the future."

Whatever else may be considered doubtful in the statements or arguments advanced by Mr. Caine, I suppose that no one can intelligently deny the truth of what he says regarding the importance of this great social experiment to students of social science. For present purposes it is only necessary to notice that from the lower classes—that is from the usually successless classes of this country and of Europe—has been drawn a people that has achieved great economic success under enormous difficulties. Bronterre O'Brien said of them, that they had "created a soul under the ribs of death;" and their labors have attracted the interested attention of men like Robert Owen and George Jacob Holyoake. Their enemies say that they have gathered

[1]H. W. Naisbitt

together "the off-scourings of society," but even were this true, it would be of the greatest importance if we could learn how "the off-scourings of society" might thus be utilized in the up-building of such industrial successes. To say that it has been done by reducing the people to virtual servitude does not seem plausible, because with Federal artillery bearing on Salt Lake City, and Federal officers all over the territory willing not only to protect, but reward apostates, it is evident that nothing like physical or political servitude can exist. A large majority of Mormons own their homesteads, and ownership of land not only has been, but is the badge and guarantee of economic freedom.

It is interesting to note that tyranny and freedom may produce results that in their outward manifestations are very much alike. A far-seeing tyrant may wield his power entirely in the interests of those he governs, and a free people may resign and re-resign their power entirely into the hands of the man or men best able to use it wisely. Disinclination and refusal to do this very thing has been the greatest stumbling block in the way of successful coöperation. Numberless enterprises have failed, either because the leaders could not be trusted fully, or because the men would not trust them as fully as they might. Brentano says that coöperative enterprises can accomplish most for workingmen whose intellectual standard is ordinary, but whose moral standard is above the average. The Mormons claim that they have been successful because a religious element has come in that has made the leaders trustworthy and the followers trustful. I know that to hint at a superior moral standard among the Mormons is to cause most people to fly off at a tangent. That is not to be helped. But if by the morality of a people we understand the willingness to fulfill all their social duties, as they understand them, it can hardly be denied that the Mormon religion has begot in its converts a morality higher than the average. That this same religion has also resulted in a spiritual servitude that more than counterbalances other good results, there are

grounds to believe. It is pertinent to our purposes merely to note that here we have a chance to study the industrial and economic bearings of a religious faith.

Its practical lesson for the common man is that religion and morality have economic value. It behooves us, who look for no "latter day" inspiration and are little inclined to submit to the guidance of a prophet, to learn this practical lesson from the experience of others, from the teachings of Christianity and of common sense, and not to wait until it has been taught us "by the discipline of our virtues in the severe school of adversity."